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ABSTRACT

In November 1972, electorates in California, Colorado, Michigan, and Oregon decisively rejected consitutional amendments that (according to their supporters) would have reduced or eliminated reliance on the property tax as a means of financing education. School finance reformers were perplexed by these defeats. This study sets out to explain the gross inconsistency between the desire, as sampled by widely-accepted polls, of citizens to eliminate the property tax and their behavior in the voting booth. The study's research design combines two methodologies: case studies, including interviews and analysis of secondary sources (campaign literature, etc.), and aggregate voting analysis, using both correlation and multiple regression techniques in order to link support of amendments to census characteristics of localities. The findings indicate two major explanations for the amendments' defeat: the content of the proposals and the constitutional amendment process itself. Socioeconomic status variables were not found to be important explanatory variables. (Author/DN)

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THE PROPERTY TAX AND THE VOTERS

An Analysis of State Constitutional Referenda To Revise School Finance Systems in California, Colorado, Michigan and Oregon in 1972 and 1973

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TABLE OF CONTENTS

Page

PREFACE iii

I. INTRODUCTION. 1

Research Topic 2

The Referenda

Table 1 Final Votes on Constitutional Amendments

Voting Analyses of Referenda

Table 2 Studies of State Referenda Since 1960

Research Propositions. 6

On the Political Process

On Voting Behavior

II. MAJOR FINDINGS 9

1. The Content of the Amendments. 9

The Revenue Substitution Debate

The Tax Selection/Burden Debate

Table 3 Gallup Polls 1972 and 1973

The Distribution Debate

The Local Control Debate

2. The Constitutional Amendment Process 13

The Initiative Process

Table 4 Methods of Proposal 1964-71

Fiscal Amendments

The Second Oregon Vote

3. Other Explanations 15

III. THE AMENDMENTS. 17

California: A Man Named Watson 17

Table 5 Polls on Proposition 14

Table 6 CAHT Mailing Summary

Colorado: A Tale of Two Amendments. 27

Michigan: Schoolmen and Proposal C. 33

Oregon: If At First You Don't Succeed. 42

IV. IMPLICATIONS FOR POLICYMAKERS. 49

The Art of Compromise

Fiscal Issues Are Tough

Choose Substitute Taxes Carefully

Avoid Constitutional Change

Confront Local Control Fears

A Final Note

APPENDICES. 51

A. Chart 1 Turnout for the Amendments as a Percentage of the Presidential Vote, November 7, 1972. 51

B. Details of Voting Analysis and Multiple Regression Analysis . . 52

C. Amending State Constitutions. 69

PREFACE

This study is the first in a series on the political economy of education under the general direction of Professors James A. Kelly and Donna E. Shalala for the Institute of Philosophy and Politics of Education. Further research is already underway, including an expanded analysis of the referenda treated in this monograph and studies of state legislative politics on tax and school finance issues, under a grant to the Institute from the Ford Foundation.

The present monograph was financed by Institute funds, by Professor Shalala's postdoctoral fellowship from the National Academy of Education (made possible by the Spencer Foundation), some Ford Foundation funds, and through a subcontract from the Educational Finance and Governance Program of the Syracuse University Research Corporation's Policy Institute. It focuses two disciplines--political science and economics--on a contemporary policy issue. Originally published as a report by SURC for the U.S. Office of Education, it has undergone revision for wider distribution through the Institute.

Many people across the country assisted the authors of this study including Dr. Joel Berke, Director, and Dr. Robert J. Goettel, Associate Director, of the Educational Finance and Governance Program, Syracuse University Research Corporation, who provided encouragement and part of the financing for the first draft of this report.

In each state, researchers drew upon contacts in the press, state education departments, chapters of the League of Women Voters, educational organizations and campaign groups on both sides of the amendment. It would be impossible to name each person and organization who gave generously to this research. The authors are, however, especially grateful to campaign participants in California and Michigan. Judy Miller, a staff member of Braun and Company in Los Angeles, opened her campaign files and spent many hours helping us to piece together part of the California case. Los Angeles County Assessor Philip Watson graciously found time in a very busy schedule for an interview on short notice. Fred Kimball of Mr. Watson's office provided knowledgeable, objective insights into a campaign in which he played a major role.

Michigan's Education Association, League of Women Voters, and Association of School Boards all gave assistance. Senator Harry De Maso; Gene Caesar, legislative aide to the Senate Education Committee; and Dr. James Phelps, the Governor's assistant for education, agreed to lengthy interviews, as did the leaders of other Michigan organizations.

Multi-state election studies are complicated greatly by the method of collecting voting returns. To get returns by jurisdiction, the researchers had to telephone every county clerk in every state. We admire and thank these busy people who seemed always to have at their fingertips the numbers we needed.

Our departmental administrative assistants, Laura Oberbeck and Barbara Frankfurt, typed and retyped drafts of the study, making many useful suggestions. Judith Dollenmayer of the Policy Institute edited the manuscript with good humor and enormous skill.

The research staff's inability to spend much time in each state made errors possible. The researchers assume all responsibility for the accuracy of the manuscript.

Donna E. Shalala

New York, New York
March, 1974

I. INTRODUCTION

By Fall 1972, the public appeared to be deeply dissatisfied with the present means of financing elementary and secondary public education. Millage and bond issue referenda were being defeated at alarming rates. State and federal court decisions had made "fiscal neutrality" and equity the bywords of school finance reform through Serrano v. Priest in California, Robinson v. Cahill in New Jersey, Van Dusartz v. Hatfield in Minnesota, Hobson v. Hansen in Washington, D.C., and other cases. The Supreme Court had heard arguments in Rodriguez v. San Antonio, a case on appeal from a three-judge federal panel in Texas, but the justices had not yet ruled.

The legal and political visibility of inequities in school finance seemed to impress both citizens and educators. Indeed, when the Gallup Organization asked its national sample this question--

> It has been suggested that state taxes be increased for everyone in order to let the state government pay a greater share of school expenses and reduce local property taxes. Would you favor an increase in state taxes so that real estate taxes could be lowered on local property?

--46 percent of respondents in 1971 and 55 percent in 1972 favored such a proposal.[1] A 1972 survey of school administrators found 62 percent responding affirmatively when asked "Would you like to see the principle of the California Serrano decision applied nationwide?"[2] ACIR reported another 1972 survey, which revealed that, by a wide margin, Americans felt the local property tax was the worst and least fair of four types of tax--Federal income, state income, state sales, and local property.[3]

The property tax and the way it was used to finance education apparently had few friends. Policymakers and reformers had good reason to think that voters would support proposals to reduce or eliminate reliance on the property tax. Professional educators also seemed to favor the idea.

Nevertheless, in November 1972, electorates in California, Colorado, Michigan and Oregon decisively rejected constitutional amendments which

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1. Phi Delta Kappan, September 1971 and 1972. 1971: 37 percent against, 17 percent undecided. 1972: 34 percent against, 11 percent undecided.

2. Nation's Schools, Vol. 90, No. 3, September 1972, p. 23.

3. Advisory Committee on Intergovernmental Relations, Financing Schools and Property Tax Relief--A State Responsibility, January 1973, pp. 163-65. It must be noted that in a second ACIR poll taken one year later, the federal income tax and the local property tax were virtually tied as the least fair tax. See ACIR: Revenue Sharing and Taxes: A Survey of Public Attitudes, August 1973, p. 2.

(according to their supporters) would have achieved that goal. School finance reformers were perplexed by these defeats. What explained the gross inconsistency between citizens' desires, as sampled by widely-accepted polls, and their behavior in the voting booth? This study set out to examine this anomaly.

Research Topic

Many changes in school finance, including elimination of the local property tax and, in some cases, revision of distribution formulas require amendments to state constitutions. The amendment process in every state except Delaware requires approval by referendum, which may severely limit the scope and complexity of possible reforms. Consequently, there is a need to consider how the nearly universal referendum requirement affects the feasibility and content of school finance reform.

In order to gain preliminary insights into this matter, this study examines four states that recently tried to achieve school finance reform by referenda. The referenda votes have been analyzed in relation to a group of socioeconomic and locational variables, with additional attention to the politics of these reform attempts.

The Referenda

Five propositions to eliminate or limit the use of the property tax for financing schools were on ballot on November 7, 1972. In California, Proposition 14 (the Watson Amendment) would have reduced property tax rates for schools, cities, counties and special districts by approximately 40 percent; the amendment was defeated 5,156,221 to 2,678,071. In Colorado there were two amendments: No. 7, which would have limited the property tax to 1.5 percent of actual value and given schools only a fifth of that; and Amendment 12, which would have virtually barred the use of property taxes for school funding, replacing them with income, sales, severance and other taxes. Both were overwhelmingly defeated. Michigan's amendment (Proposal C), which would have banned property tax use for general school operations and limited it for specified school purposes, failed by almost a half million votes. By a 5 to 3 margin Oregon voters rejected constitutional amendment No. 9 which prohibited the use of property taxes to finance the operating expenses of schools. Less than six months later, on May 1, 1973, Oregonians also voted down the Governor's property tax reform amendment, which proposed to limit the use of the property tax for school finance.

What might account for the amendments' defeat? Can it be explained by specific factors connected with the particular proposals, their content, or the politics surrounding them? Is the phenomenon more general and likely to hold for reform referenda regardless of content or local political realities? Or were the defeats produced by a combination of unique and general factors, some applicable only to these cases and some to many cases?

TABLE 1

FINAL VOTES ON CONSTITUTIONAL AMENDMENTS

November 7, 1972	Yes	%	No	%
California				
Proposition 14	2,678,071	34.2	5,156,221	65.8
Colorado				
Amendment 7	192,903	23.5	627,007	76.5
Amendment 12	167,882	21.0	628,196	79.0
Michigan				
Proposal C	1,324,702	42.2	1,815,126	57.8
Oregon				
Measure 9	342,885	38.0	558,136	62.0
May 1, 1973				
Oregon				
Measure 1	258,547	41.0	362,975	59.0

This study proposed to examine these questions. The research design combined two methodologies: case studies involving interviews and analyses of secondary sources (campaign literature, etc.) in each of the four states and aggregate voting analysis, using both correlation and multiple regression techniques in order to link support of amendments to census characteristics of localities.

Voting Analyses of Referenda

Previous research provided few insights on which to base our analysis of voting behavior on the referenda. Scholars have given relatively little attention to statewide referenda in recent years. Furthermore, recent studies offer few insights into the problem of similar voting behavior on fiscal referenda across states because 1) the research findings are contradictory; 2) all but one of the studies published since 1960 focus on referenda within one state rather than across a number of states; and 3) few analyze fiscal referenda.[4]

4. Four types of statewide referenda studies have been conducted: 1) Studies of one referendum in one state; 2) studies of referenda on several issues over time in one state; 3) studies of referenda on the same issue over time in one state; and 4) studies of referenda on the same issue in different states. The studies in each category are listed below. Table 2 summarizes the major features of each study.

Research results are contradictory and of limited use to this study because the factors that affect referenda voting behavior seem to depend on the substantive issue involved in the particular referendum. For example, studies of referenda on issues related to civil liberties or civil rights (including

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1. One referendum in one state:

   Gordon E. Baker, "Reapportionment by Initiative in Oregon," The Western Political Quarterly, Vol. XIII, No. 2 (June 1960), pp. 508-19.

   Jenniellen W. Ferguson and Paul J. Hoffman, "Voting Behavior: The Vote on the Francis Amendment in the 1962 California Election," The Western Political Quarterly, Vol. XVII, No. 4 (December 1964), pp. 770-76.

   Harlan Hahn, "Northern Referenda on Fair Housing: The Response of White Voters," The Western Political Quarterly, Vol. XXI, No. 3 (September 1968), pp. 483-95.

   Thomas Pettigrew and Ernest Q. Campbell, "Faubus and Segregation: An Analysis of Arkansas Voting," Public Opinion Quarterly, Vol. 24, No. 2 (Summer 1960), pp. 436-47.

   Raymond E. Wolfinger and Fred I. Greenstein, "The Repeal of Fair Housing in California: An Analysis of Referendum Voting," The American Political Science Review, Vol. LXII, No. 3 (September 1968), pp. 753-69.

2. Several issues over time in one state:

   Winston W. Crouch, John C. Bollens, Stanley Scott, California Government and Politics, (Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1972).

   Bertil Hanson, "Oklahoma's Experience With Direct Legislation," The Southwestern Social Science Quarterly, Vol. 47, No. 3 (December 1968), pp. 263-73.

   John E. Mueller, "Voting on the Propositions: Ballot Patterns and Historical Trends in California," The American Political Science Review, Vol. LXIII, No. 4 (December 1969), pp. 1197-1212.

   John Sheldon Radabaugh, "Tendencies of California Direct Legislation," The Southwestern Social Science Quarterly, Vol. 42, No. 1 (June 1961), pp. 66-78.

3. Same issue over time in one state:

   Norman C. Thomas, "The Electorate and State Constitutional Revision: An Analysis of Four Michigan Referenda," Midwest Journal of Political Science, Vol. 12, No. 1 (February 1968), pp. 115-29.

4. Same issue in several states:

   James W. VanderZanden, "Voting on Segregation Referenda," Public Opinion Quarterly, Vol. XXV, No. 1 (Spring 1961), pp. 92-105.

TABLE 2

Studies of State Referenda Since 1960

Author	Date Published	Issue	State	Method	Major Variable
			Studies of One Issue in One State		
Hahn	1968	Fair Housing	California	Survey	age, home ownership, education, income, political party
Baker	1960	Reapportionment	Oregon	Case Study	interest group position, party position
Ferguson and Hoffman	1964	Subversive Activities	California	Survey	political party, support for Governor, occupation, income
Wolfinger and Greenstein	1968	Fair Housing	California	Survey	education, race, party, region
Pettigrew and Campbell	1960	Segregation	Arkansas	Vote Analysis by County	race, urban, income, support for Faubus
			Studies of Numerous Issues Over Time in One State		
Hanson	1966	Numerous	Oklahoma	Historical-vote analysis by state	turn-out, who proposed, how proposed, type of proposal, time of election
Crouch	1972	Numerous	California	Historical-vote analysis by state	turn-out
Radabaugh	1961	Numerous	California	Historical-vote analysis by state	how proposed, type of proposal
Mueller	1969	Numerous	California	Historical-vote analysis by state	newspaper endorsement, turn-out, party positions, negativism, voting habits, length of ballot
			Studies of the Same Issue Over Time in One State		
Thomas	1965	Constitutional Revision	Michigan	Vote analysis by sample precincts	urbanization, party, socio-economic status
			Studies of the Same Issue in Different States		
VanderZanden	1968	Segregation	Va., N.C., Ala., La., Tex.	Survey	socioeconomic status

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fair housing, segregation and subversive activities) have generally shown that socioeconomic status, political party and race are related to referenda voting.[5]

Since the content of a referendum appears to determine the variables likely to affect voting behavior upon it, ideally we would scan earlier studies of referenda on tax and fiscal issues before selecting factors to be considered in this study. Unfortunately, most studies of statewide referenda have not dealt with fiscal issues. However, another possible source of insight is studies of local bond and tax referenda.

Both fiscally independent school districts and municipal governments hold thousands of fiscal referenda each year, yet surprisingly little research has been conducted on this topic.[6] The available research indicates that higher socioeconomic status is generally associated with greater support of bond issues and tax increases. In addition, homeowners are less likely to support bond and expenditure referenda than are renters, presumably because owners fear an increase in property taxes to finance the expenditure.

In tax elections, the chances for approval diminish as the size of the proposed tax increase grows larger. One California study also indicates that the tax proposal most likely to be approved is one proposing to continue the existing rate. Although the number of cases is small, proposals for tax reduction seem less likely to pass than proposals maintaining the status quo.[7] This suggests public reluctance to tamper with the present system of public finance, whatever that system may be, which may prove a serious obstacle to reform at state or local levels.

Research Propositions

On the Political Process

Previous research on the amendment of state constitutions suggested numerous features of the political system that might affect the outcome of constitutional referenda. These variables included:

5. Hahn, Ferguson and Hoffman, Wolfinger and Greenstein, Pettigrew and Campbell, Ibid. The one exception to this is VanderZanden's study on segregation referenda in the South in the 1950s. He found socioeconomic status was not consistently related to voter behavior.

6. Frederick Wirt and Michael Kirst, The Political Web of American Schools (1972). Chapter 6 summarizes the research on school district referenda. The best known work on municipal referenda is that of Banfield and Wilson. Edward Banfield and James Q. Wilson, "Public-Regardingness as a Value Premise in Voting Behavior," American Political Science Review, 58 (1964), pp. 876-87; and James Q. Wilson and Edward Banfield, "Political Ethos Revisited," American Political Science Review, 65 (1971), pp. 1048-62. The findings on local referenda listed in the text are drawn from these sources.

7. Wirt and Kirst, Op. cit., pp. 105-6.

1. How the amendment was placed on the ballot. Research indicates that initiatives are less likely to pass than amendments placed on the ballot by legislatures.[8] The explanation for this pattern is twofold: initiatives either reflect the concerns of only a small number of people, or they represent issues too controversial to be resolved within regular channgels, i.e., in the state legislature. Putting them on the ballot is a way of passing the buck.[9]

2. The content of the proposal. Previous research has indicated that fiscal amendments are less likely to pass than other types of measure.[10]

3. The time at which an issue is put before the electorate. A study of referenda in Oklahoma from 1907 to 1962 found that passage of a proposal was far more likely at a special election than at the regular election.[11] This may be due to the lower turnout at special elections. Studies of local referenda have shown that passage is more likely when turnout is low.[12]

4. The political balance of interest groups for or against a proposal and the amount of resources they commit to the effort.

5. The role of government and party officials. Any issue they support should be more likely to pass. Baker found that passage of a reapportionment plan in Oregon was due to the broad-based, unified support the plan received from state leaders. Also contributing to the referendum's success was the fact that Republican-Democrat and urban-rural disputes were avoided during the campaign on the proposal.[13]

6. The impact of the campaign. In particular, the intellectual clarity and vigor of a campaign would be expected to influence its outcome.

On Voting Behavior

A number of propositions were formulated about voting behavior in the referenda considered here. These hypotheses are based on previous referenda studies and knowledge of the substantive issues at stake in these referenda--property tax reform and the redistribution of educational expenditures. In most cases, the propositions listed below are also based on assumptions about which groups would benefit from property tax relief or redistribution of

8. Bertil L. Hanson, Op. cit.

9. John Sheldon Radabaugh, Op. cit.

10. The Book of the States 1970-71 and 1972-73 (Lexington, Kentucky: Council of state Governments), p. 5.

11. Hanson, Op. cit.

12. Frederick M. Wirt and Michael W. Kirst, The Political Web of American Schools, 1972, Chapter 6.

13. Gordon E. Baker, Op. cit.

expenditures. Since the researchers felt that people's perception of the substantive issues in these referenda would determine their votes, this study tested hypotheses derived from the substantive issues, although they contradicted the findings of earlier studies in two instances (propositions 1 and 4).

The specific propositions incorporated into the voting analyses were:

1. Higher socioeconomic status will be associated with lower support of the constitutional amendments. The more affluent perceive passage of the amendments as likely to raise their taxes while benefiting others such as minority groups and the poor. The less affluent perceive passage as possibly increasing the funds available for their schools.

2. The aged will be more likely to support the constitutional referenda. The elderly may see the possibility of property tax relief from the proposal. Therefore, localities with higher numbers of aged persons will be more favorable to the amendments.

3. People with children in private schools will be more likely to oppose the referenda. Foreseeing potential tax hikes without new benefits, communities with more children in private school will show higher negative votes on the amendments.

4. Voting patterns will be related to the nature of the housing stock in the locality. Positive votes will be associated with areas that have high proportions of single-family and owner-occupied housing units, since home-owners will benefit more directly from property tax relief. Apartment dwellers and renters, who do not pay property taxes directly, will be less likely to support the change for two reasons. They may not perceive the amendment's potential impact upon their housing costs, nor be apt to benefit from any change it brings.

Added to the analysis were three other factors whose impact on the vote was expected to vary with locality or circumstances according to no clear pattern:

1. In central cities high proportions of nonwhites will be linked to greater support of the constitutional amendments. In the suburbs, where nonwhites probably compose a miniscule segment of the population, higher proportions of nonwhites may be associated with lower amendment support among whites, who assume that amendments will benefit other groups, such as nonwhites and city dwellers, at their expense.

2. The percent of persons employed in manufacturing was included in the analysis, although it is unclear how this variable relates to voting on the constitutional amendments. In part, it is interesting as a proxy for local union membership; its relationship with the amendment vote should thus be a function of the position taken on the amendments by unions in each state.

3. Finally, an urban/suburban/rural distinction was built into the analysis, since it was thought that type of area might affect voting behavior. It was hypothesized that cities and rural areas would be more likely than suburbs to support the amendments, because the former face inadequate tax bases and the severest fiscal problems under present systems of school finance.

II. MAJOR FINDINGS

Based on a number of propositions about the political process and voting behavior, this study finds two major explanations for the amendments' defeat: the content of the proposals and the constitutional amendment process itself. After a brief summary of major points under the "content" and "amendment process" categories, these findings are discussed comparatively across states.

The amendments included such a large number of detailed provisions that almost every interest group could find something to deplore--and vote against. The adequacy of proposed new sources of revenue to supplant the property tax was the subject of a damaging revenue substitution debate. Since the limitation or abolition of the property tax would inevitably have changed the pattern of tax burdens upon individuals and institutions, this issue provoked another debate. Controversy flared up, too, over how (or if) the distribution of education funds would be altered by passage of the amendments. Finally, in every state the specter of weakened local control of schools frightened potential supporters of the amendments.

Several significant findings were linked to the constitutional amendment process. Five of the defeated propositions were placed on the ballot by initiative--a costly and usually ill-fated shortcut to constitutional amendment, as detailed below. Furthermore, amendments on fiscal matters have an extremely poor history of passage. Finally, an amendment handled by referendum, however it is placed on the ballot, may not have been sufficiently casehardened in the acid of compromise to attract a winning coalition.

1. THE CONTENT OF THE AMENDMENTS

There was little disagreement about the need for property tax reform. Instead, the debate focused on how such reform should be achieved. Specifically, eliminating or limiting the local property tax required the proponents of each amendment to provide other resources either in the form of new taxes or, where available, increased state monies to make up for the loss of property tax revenues. The implications of that new system of taxation and the assignment of governmental responsibility for the new system presented difficult issues for both sides in the campaigns. In addition, the amendments either implied or specified new expenditure patterns for a number of public services, in particular, the states' educational systems.

Each amendment, therefore, was actually a market basket of proposals. This fact made it easy for negative coalitions in each state to develop sufficient strength to defeat the amendments. Proponents were forced to defend all parts of the amendments while opponents, in order to draw support, needed only to find a single feature which a given group or individual disliked.

In California, the insurance companies, who opposed the section of the Watson amendment which eliminated tax exemptions on their home office buildings, were joined by schoolmen concerned about the loss of local control suggested by increased state assumption of education costs. On Oregon's 1972 amendment, anti-business groups and individuals, worried about the possibility

of substituting income taxes for the 63 percent of current property tax revenues paid by business and industry, found friends among voters who opposed a big tax break for farmers. The second Oregon vote allied people concerned with the proposal's impact on the state's economic growth with some of the state's education interests, who were worried about local control and the distribution of education funds. Michigan's AFL-CIO, arguing that the imposition of a value-added tax would bring a tax windfall to business, found allies among anti-busing and anti-income-tax groups. On both Colorado amendments, the education groups concerned with local control formed an alliance with urban interests that opposed the huge tax break they believed rural residents would receive.

The ease of negative coalition-building also explains why "the complexity of the issue" was the reason most often given for the defeat of the amendments. In every state, supporters ran "education" campaigns focusing on the inequities of the property tax. Opponents focused on technical weaknesses in the amendment package and drew the supporters into "numbers debates" on the amendment's impact--its cost, the consequent tax burden on particular groups, etc. According to both sides, this tactic considerably confused the voter.

The Revenue Substitution Debate

The adequacy of the proposed new revenue sources for filling the revenue gap created by elimination or limitation on the use of the property tax became a major issue in almost every state. Michigan's amendment proposed a value-added tax which no one could guarantee would meet the revenue needs. Opponents of Colorado's Amendment 7 and Oregon's 1972 amendment complained that neither one specified a means of filling the revenue gap; in fact, they argued that the legislatures had been left to decide what taxes would be substituted. While California's Watson measure provided some alternative taxes, these were insufficient to meet the need for new money; much of the California campaign raged over how much additional money from other sources would be needed if the amendment passed. Only Oregon's second amendment and Colorado's Amendment 12 dealt with the substitution issue in ways that avoided the "revenue gap" debate.

The Tax Selection/Burden Debate

Each amendment, in limiting or eliminating the property tax and suggesting substitute revenue sources, would also have changed the tax burdens on individuals, businesses and industry. Thus, debate focused on how each suggested tax substitute would affect individuals and groups. The points at issue included who would pay if the proposals became a reality and who should pay.

In California, opponents argued that the Watson amendment would provide (through increases in state sales, income, cigarette, corporation and liquor taxes) new taxes for almost everyone, giving tax breaks to real estate and farm interests. Colorado's Amendment 7, it was argued, would provide a windfall for landlords since no tax credit was assured to renters, and new benefits for commercial, industrial and agricultural businesses which presently pay 60 percent of Colorado's property taxes. Amendment 12, it was suggested,

would prevent the deduction of federal income taxes from state returns, thus lowering the amount of liquid resources a family would keep for living expenses. In addition, business interests complained that the high corporate taxes expected under the proposal would force them to leave the state.

The property tax elimination in Oregon's 1972 amendment would have reduced school operating funds by 75 percent, forcing a large increase in income taxes or the imposition of a sales tax--a proposal which had recently been rejected by referendum. Industries opposed Oregon's 1973 referendum because it contained increases in corporate income taxes and introduced a statewide tax on commercial property. A reduced federal income tax deduction also created some controversy. In Michigan the value-added tax was opposed by the UAW and AFL-CIO, who claimed it would bring a tax windfall to business, which would no longer pay any property tax and simply pass along to consumers the cost of a new value-added tax.

In every state considerable uncertainty arose about the impact of the proposed changes on the total yearly tax bills of individuals. People did not know whether the net effect of the amendments would be to raise or lower their taxes. Faced by this uncertainty, many may have preferred to keep the system whose impact they knew.

The potential importance of this issue can be seen in responses to two questions asked by the Gallup Organization. In 1972, Gallup asked a national sample:

> It has been suggested that state taxes be increased for everyone in order to let the state government pay a greater share of school expenses and to reduce local property taxes. Would you favor an increase in state taxes so that real estate taxes could be lowered on local property?[1]

In 1973, a different question was asked, one that omitted the provision to reduce local property taxes:

> It has been suggested that state government through increased taxes pay more of the cost of local school expenses. Would you favor or oppose an increase in state taxes for this purpose?[2]

While the change in wording did not affect the responses of professional educators, laymen cooled considerably toward raising state taxes when an increase was no longer linked to reducing local property taxes (see Table 3).

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1. George H. Gallup, "Fifth Annual Gallup Poll of Public Attitudes Toward Education," Phi Delta Kappan, LV (September 1973), p. 42.

2. George H. Gallup, Ibid.

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TABLE 3

Gallup Polls 1972 and 1973

1972 Question

	National Totals N=1,790 (%)	No Children In Schools 996 (%)	Public School Parents 698 (%)	Private School Parents 144 (%)	Professional Educators 270 (%)
For	55	56	54	51	68
Against	34	33	36	37	27
No Opinion	11	11	10	12	5
	100	100	100	100	100

1973 Question

	National Totals N=1,627 (%)	No Children In Schools 928 (%)	Public School Parents 620 (%)	Private School Parents 124 (%)	Professional Educators 306 (%)
Favor Increase	40	38	44	41	65
Oppose Increase	50	51	49	52	29
No Opinion	10	11	7	7	6
	100	100	100	100	100

Source: George H. Gallup, "Fifth Annual Gallup Poll of Public Attitudes Toward Education," Phi Delta Kappan, LV (September 1973), p. 42.

The Distribution Debate

Much of the impetus for tax reform came from groups and individuals concerned about equity in the provision of public services as well as tax equity. It is important to note that by the end of each campaign the equity question had become secondary.

The initiators of the proposals in three of the four states--Colorado, Oregon and Michigan--wereinterested specifically in the provision of educational services. In Michigan, the state's education association was the main force behind the amendment, actually securing the necessary petition signatures.

The weakness of the proposal's educational aid distribution formula was one major reason why Oregon education groups did not enthusiastically support the 1973 amendment; the lack of a distribution provision had fired opposition to the 1972 amendment, as well. The California, Michigan, and both Colorado proposals also left to the legislature the method of distributing funds for education.

In each of these cases, considerable apprehension was aroused about reducing or eliminating the property tax and relying on the state legislature to determine the distribution formula. An obvious mistrust of state legislatures was apparent during the campaigns.

The Local Control Debate

No issue exhausted more rhetoric or was argued more consistently against the amendments than concern that reducing or abolishing the primary local revenue source for education would end local control of schools. This partially explains why, in every state, state school board associations opposed or remained neutral on the measures. Despite assurances by amendment supporters that state assumption of education costs would not affect the governance of schools, almost every piece of literature from opposition education groups reveals a genuine fear of loss of local control, particularly control of the level of taxation. This finding is not surprising; attachment to the concept of local control is old and strong and must be expected to be activated when fundamental shifts in the state-local finance system are proposed.

2. THE CONSTITUTIONAL AMENDMENT PROCESS

Both the method by which an amendment is proposed and the character of the amendment clearly influence its chance of passage. A review of the literature on the constitutional amendment process reveals that few proposals which use the initiative process and concern fiscal matters are adopted. All six amendments in this study were fiscal in character, and five were placed on the ballot through the initiative.

The Initiative Process

Statewide referenda are required to approve constitutional change in all states but Delaware, which permits the legislature to approve such amendments. Elsewhere in the country, statewide referenda can be placed on the ballot in four ways. In every state the amendment can be proposed by the state legislature or by a state constitutional convention; in Florida the recommendations of a state constitutional commission can be placed directly on the ballot without prior legislative approval. Finally, fourteen states--including those analyzed in this study--allowamendments to be proposed by initiative.

The following table reveals the low adoption rate of initiatives over the past few years.

TABLE 4

Methods of Proposal 1964-1971

	Percent Adopted
Proposed by Legislature	66.7
Proposed by Initiative	9.1
Proposed by a Constitutional Convention	82.5

Source: Data in Albert L. Sturm, "State Constitutions and Constitutional Revision," in The Book of the States, 1972-73 (Lexington, Kentucky: The Council of State Governments, 1972), p. 4.

A number of factors explain this outcome. Initiatives are difficult and expensive to use. Second, the initiative process tends to be used for controversial issues which have failed in the legislature or which proponents believe cannot survive in the legislature. Finally, initiatives are usually proposed by a small number of interest groups or individuals who have either failed or not tried to build broad coalitions that will support them. Consequently, initiatives usually do not represent proposals that have been compromised sufficiently to attract broad support.

In all four states the sponsors of the amendments included only one or two groups or prominent persons. In California, Proposition 14 was sponsored by Los Angeles County Assessor Watson; Michigan's Proposal C came forward under the aegis of the Michigan Education Association. In Colorado, the state's AFL-CIO and Common Cause organization sponsored No. 12, while a narrowly-based ad hoc group, the Property Tax Limitations Committee, backed No. 7; the 1972 Oregon amendment was sponsored by the state's Farm Bureau and the 1973 measure by Governor McCall.

Fiscal Amendments

The second finding related to the amendment process is the fiscal character of the proposals. Amendments dealing with financial matters also have a low adoption rate. Only 55.4 percent of the amendments dealing with such issues were approved between 1968 and 1971. By comparison, 69 percent of non-fiscal amendments were adopted during the same period.[3] Explanations for the high probability of defeat for fiscal amendments include those discussed in the findings on the content of proposals.

The Second Oregon Vote

The effect of these factors on the 1973 Oregon referendum was substantial. Even though the proposal was not an initiative, there is evidence that it was not significantly compromised in the Oregon legislature. Indeed, one may question whether an amendment that is going to referendum will ever be fully compromised, since opposing legislators may choose to avoid internal legislative pressure by voting for a measure so it can be placed on a ballot "to let the people decide." Legislators are then free to campaign against the amendment. Some evidence indicates that this happened in Oregon. The measure's proponents, the Governor and legislative leaders, represented almost as narrow a group of supporters as did the initiators in the other states. Add to this the fact that the amendment was on a financial issue, and the 1973 Oregon case does not differ significantly from the other cases.

3. OTHER EXPLANATIONS

Not only does each of these states have its own political culture, but each campaign desplayed its own momentum and a chronology that shaped the referendum outcome. Beyond the two factors mentioned above, few common factors seem to cross state lines. Neither in the structure of the states' political party systems nor in the role of chief executives did we discern any common factor to explain the referendum outcomes.

However, two factors did appear in every state. First, proponents of each amendment seemed unusually naive about possible reactions to details of the amendment they favored. They seemed convinced that voters were so opposed to the property tax that this antipathy would conquer all objections to their proposals. Second, almost all major interest groups in each state opposed the amendments. This suggests that no significant compromises were made to gain their support before the proposals were placed on the ballot.

The voting analysis produced few findings that applied across state lines. Perhaps a factor contributing to this lack of results was the inability to disaggregate data to jurisdictions smaller than counties, as well as the unavailability of survey data. However, it seems unlikely that results of this study would have differed much had these data problems been overcome.

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3. Albert Sturm, "State Constitutions and Constitutional Revision," in The Book of the States, 1970-71 (Lexington, Kentucky: The Council of State Governments, 1972), p.5.

We strongly suspect that the diversity of results reflects the differing content of the referenda in each state. While all the referenda do involve property tax reform, citizens reacted to the specific contents of amendments, which varied substantially from state to state.

The voting analysis did isolate one basic set of variables that were important in all the states. These variables were location (metropolitan, urban, rural), manufacturing employment, and type of housing stock. While these variables proved important in every state, their impact varied among states. In addition, localities with similar finance problems--cities and rural areas--tended to take the same position on the amendment in each state. Perhaps surprising, in light of previous referenda research, is the fact that status variables were not important explanatory factors. The explanation of this may lie in the complicated, ambiguous nature of the amendments.

III. THE AMENDMENTS

CALIFORNIA: A MAN NAMED WATSON

California's school finance system has been studied and debated for a number of years. Recently, the role of local property taxes in financing public schools has been the center of controversy because key decision-makers--including the Governor, influential legislators, and tax and government associations--have failed to agree on anything except the concept of property tax relief.

The school lobby itself is in disarray. Until the late sixties, one researcher concluded, "The politics of state school support in California is basically the story of a well-organized interest group--the California Teachers Association--enforcing its demands upon the state government--occasionally through legislative negotiations, but most decisively through the vehicles of constitutional initiatives."[1] Today, the proliferation of education interest groups minimizes the significance of any one group. Even when groups stand together, as they did on Proposition 8 in 1970, they can lose.

The most important single event in the history of school finance reform in California was the California Supreme Court's decision of August 30, 1971, in the case of Serrano v. Priest. The Court struck down the State's entire system for raising public school revenue. In a widely quoted paragraph, the Court said that California's "...funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors...."[2]

The explanation for the defeat of Proposition 14 (the Watson initiative) is found only partly in the character of the school finance reform movement in California. Indeed, most efforts to reform the property tax have come from non-school groups. Proposals introduced by the Governor, the majority party in the legislature, key legislators, and many state-wide private organizations have focused on changing the entire tax system. No major tax package proposal has been successful.

In this environment of deadlock and confusion, Los Angeles County Assessor Philip E. Watson turned his tax program into a constitutional initiative. Watson had previously tested another initiative in 1968. That proposition (No. 9), soundly defeated at the polls, would have placed a constitutional limit of 1 percent of actual market value on property taxes. In addition, it restricted the use of the property tax for certain kinds of services. The other difference between Watson's 1968 and 1972 proposals was

1. John Phillips, "The Politics of State School Support: California as a Case Study, 1919-1960" (unpublished Ph.D. dissertation, History Department, Stanford University, 1965), p. 433.

2. Serrano v. Priest (California Supreme Court No. 938254).

that the later amendment would have directly changed the method of financing education. The major argument used by opponents of the 1968 amendment was that the measure did not provide other sources of revenue to replace what would be lost by cutting property taxes.

In direct response to the replacement issue, Watson's 1972 initiative provided increases in state sales, income, cigarette, corporation and liquor taxes to offset the anticipated property tax cut of about 40 percent. In addition, the proposal transferred local welfare costs to the state.

Buried in the amendment was a passage that specifically addressed property tax exemptions granted in California's constitution to home offices of insurance companies. The Watson initiative would not only have removed this restriction, but would have required all future property tax exemptions or classifications to be approved by state-wide referenda. Although their campaign stressed a traditional set of civic arguments, it was this provision that provided the impetus as well as much of the financing for the opposition to Proposition 14.

Two umbrella organizations directed the campaigns for and against the amendment. The opposition organization, Californians Against Higher Taxes, was put together by leaders of the life insurance companies. They retained a public relations agency, Braun and Company, to mount a campaign against the initiative. Watson tried unsuccessfully throughout the campaign to use the "home office" exemption issue to explain the link between the opposition and the insurance companies.

The opposition induced Dr. Norman Topping, Chancellor of the University of Southern California and President of the Southern California Rapid Transit District, to become chairman of Californians Against Higher Taxes (CAHT). In addition, CAHT's vice-chairmen included former Democratic Governor Edmund G. Brown, Republican State Controller Houston Flournoy, State Federation of Labor (AFL-CIO) Executive Secretary Jack Henning, and San Diego Mayor Pete Wilson. A group of 75 prominent citizens representing business, labor, education, and community affairs, served as co-chairmen. The initial group of organizations on the steering committee of CAHT included the California Teachers Association, The Association of California School Administrators, The League of California Cities, and the Federated Firefighters of California. As the campaign progressed, more organizations joined the effort to defeat Proposition 14, including the California PTA, the State Federation of Labor, the State Chamber of Commerce, the Peace Officers Association, and the League of Women Voters. The campaign was financed mainly by the insurance interests and other businessmen; only about one-fourth of the $739,851 that was raised came from California's educational community.

While the self-interest of the California insurance companies provided the impetus and financing for the opposition campaign, no convincing evidence was found that Chancellor Topping or any other prominent citizen or organization had been "duped" into opposing the amendment. Instead, as the case

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study reveals, fundamental weaknesses in the proposal united these disparate individuals and groups in opposition.

Led by Watson, the pro-forces formed a group called the Tax Limitation Committee, directed by Fred Kimball, an able Watson staffer on leave of absence. During the campaign they received endorsements from the California Real Estate Association, Farm Bureau Federation, Cattlemen's Association, State Association of County Assessors, "several County Boards of Supervisors," "various local Chambers of Commerce," "a number of Apartment House Associations," and "hundreds of Home Owners Associations."[3]

The Polls

Both organizations used the same Los Angeles polling agency. The first polls, taken in June 1972, showed that the majority of voters favored the amendment.

TABLE 5

Polls on Proposition 14

DATE	YES	NO	UNDECIDED
June 1972	53%	25%	22%
August 1972	37%	32%	32%
October 1972	28%	37%	35%
FINAL VOTE November 7, 1972	34%	66%	

Source: Dorothy D. Corey Research, Los Angeles, California

Because the polling agency did not collect information on the characteristics of respondents in the June poll, it is impossible to explain the dramatic shift from June to August 1972. However, between August 1972 and October 1972, proponents of the amendment lost ground among many types of registered voters including whites and blacks, the middle-aged, Democrats, homeowners, those with incomes under $15,000, and union members.

One interesting question directly linked to the campaign was asked by the polling agency. Did the argument that the opposition campaign was financed by the insurance companies make any impact on voters? The poll re-

3. Interviews with Philip E. Watson and Fred Kimball, Los Angeles, California, April 5, 1973.

vealed that this argument did not aid advocates of Proposition 14 nearly so much as the opposition was strengthened by the accusation that the proposition's backers were large landowners.

The Campaign

Four key events during the campaign partly explain the defeat of the amendment. Reports issued by the distinguished, well-known fiscal expert, Legislative Analyst A. Alan Post, deeply affected the election. Since 1950, when he became the first such analyst, Post's reputation for sound information and judgment has grown to the point where some state-wide controversies find both sides trying to use his analyses. Post provided ammunition for the opponents. His conclusion that a $372 million revenue gap would develop if the proposal passed was used in every piece of CAHT literature. Indeed, much of the debate focused on the size of the gap; Post reluctantly became embroiled in a numbers debate with Watson and the Tax Initiative Committee.

The CAHT received another boost when they convinced the Attorney General of California that the ballot title composed by Watson tended to create favorable opinion for the amendment. The Attorney General decided to change the wording to show that several taxes would increase and that a state-wide deficit would ensue if the amendment passed.

This ruling emerged from a law suit filed in August 1972 in the California Supreme Court, asking the removal of the entire amendment from the ballot. In reality, the petitioners' chief aim was to obtain a revision of the ballot summary. The plaintiffs in the case, all CAHT supporters, were The California Junior College Association; William K. Coblentz, a prominent San Francisco attorney and a University of California regent; and Dr. Julian Nava, a member of the Los Angeles Board of Education.

The third event that critically affected the election was the decision of Governor Ronald Reagan to oppose the Watson proposal. His announcement, as well as the occasion he chose for it--a meeting of the California Real Estate Board on October 11, 1972--stunned the measure's supporters. They had expected Reagan to remain neutral, certainly not to use the forum of their strongest supporters to say that Proposition 14 "...does not do the job and it would create more problems than it would solve." More important, in the same speech, Reagan announced his own tax program, pleading that it "...will reduce homeowner tax without increasing income tax, and that will meet the chronic crisis of school finance."

Finally, in Los Angeles, the only area where early polls showed the amendment winning handily, the vote was probably reduced by Watson's personal criticism of Topping at a debate they both attended early in September. Watson pointed out that Topping, as Chancellor of the University of Southern California, lived in a house that was exempt from property taxes. He charged Topping with "the rankest kind of hypocrisy" in opposing the amendment, "since he has been living off subsidies from the average homeowner and renter for years."

The attack had a negative effect. CAHT put out a press release announcing that "three prominent Californians," the president of the Congress of Parents and Teachers, the Chancellor of Loyola University and the immediate past president of the Los Angeles Board of Education, had asked the Fair Campaign Practices Committee to investigate this "scurrilous public attack." They also urged Watson to apologize publicly. The incident received wide coverage in the media, and both sides believe it contributed to the negative Los Angeles vote.

The Issues

The text of Proposition 14 was long, detailed and complex. The fact that California voters were inundated with other political messages--from Presidential candidates and 21 other ballot proposition campaigns--probably made arguments for and against the proposal more confusing.

The California Real Estate Association, the California Farm Bureau and numerous land developers and apartment owners contributed close to a million dollars to the campaign for the Watson amendment. The 1972 legislative session had recessed after failing to enact a compromise tax reform program; the proponents' strategy was to capitalize on the electorate's obvious frustration over the legislature's inability to act on tax reform by labeling the opposition a "special interest" campaign promoted by insurance companies and "tax spenders" in government. They relied on a media blitz and a strong speakers' bureau. Spokesmen for both campaigns agreed that speakers who favored the Watson amendment were more sophisticated on fiscal matters than the PTA members and educators who opposed the measure in debate.

The CAHT group's strategy was to emphasize organizational work and direct mail contacts rather than the mass media. Their campaign message was simple: Proposition 14 would mean higher taxes for most Californians and cause severe cutbacks in education and other vital services. Specializing its constituent focus, CAHT designed 3.5 million pieces of literature for different voter groups including the Black and Chicano communities, senior citizens, students, labor, clergy, environmentalists, and education groups; direct mailings were sent to 2.5 million registered voters. Table 6 indicates groups selected as high priority for an opposition mail program.

Every major newspaper in the state opposed the Watson measure, as did most radio and television stations. The Los Angeles Times on October 6, 1972, joined most other California papers in arguing the "Proposition 14...is a cruel hoax...(It) promises to cut your taxes, but it would actually raise them for nearly everyone. It would also badly damage public schools and cripple local government."

TABLE 6

CAHT Mailing Summary

Recipients	No. of Households
Renters	1,024,627
Senior Citizens	150,000
Pro-education Voters	502,888
Conservative Republicans	205,163
Public Employees	52,332
Mobile Home Owners	70,000
Black Voters	142,960
Spanish Surname Voters	291,316
	2,487,286

Source: "Report on the Campaign Against Proposition 14," Los Angeles, California: Braun and Company, 1972.

The Education Groups

California's major educational organizations all campaigned against the amendment. The most active included:

California Parent-Teachers Association (PTA)
Education Congress of California
California Teachers Association
California School Boards Association
California Association of School Administrators
California School Employees Association
California Federation of Teachers AFL-CIO
California Community Colleges
Los Angeles Community District
Los Angeles City Board of Education
California Junior College Association

These organizations focused on two issues: first, the amendment's passage would result in a fiscal crisis in the schools. Specifically, they told their members that the measure would create a $771 million deficit and reduce expenditures by $170 per pupil for the 1973-74 fiscal year by cutting property taxes "without providing an adequate alternative." They also raised

the local control issue by arguing that the amendment would "deprive local school boards of any meaningful voice in the budgetary process and shift control to the state and county levels." Opponents countered these arguments with two of their own in a widely distributed question-and-answer sheet:

"On School Finance:

Q: Why do Councilmen, School Boards and Supervisors oppose Tax Limitation?

A: The majority of them violently oppose because the property tax is the easiest to levy and encounters the least resistance from special interests. Many politicians want complete authority to tax as much as they wish.

Q: What can be done for a School District with "Special Problems" which requires more than the $825 ADA per pupil?

A: To begin with, each county is given $825 per pupil, and this fund is allocated within the county as it is needed...some schools getting more because of "special problems" and the others, therefore, getting less. Where problems still exist the Legislature may vote or provide other funds raised from sources other than the property tax.

On Local Control

Q: Will the Watson Initiative end local control of the Schools?

A: No. Governing boards will remain the same, retaining all their existing powers, accountable only to the local voter."

The Vote

The vote total for Proposition 14 came to 93 percent of the vote cast in the Presidential contest. The voting analysis shed little light on the question of who supported the California referendum. The correlation analysis suggested that lower socioeconomic status was associated with approval of the Watson amendment, but that finding did not hold up in the multiple regression analysis.

In the regression analysis, status was not important in counties, while it exerted contradictory impacts in suburbs and non-metropolitan counties. In the suburbs, homeownership and more expensive houses led to greater support of the amendment. Offsetting that was lower support in areas with more families earning incomes above $15,000 and higher median education. For the non-

metropolitan counties, the significant variables associated with support were low levels of manufacturing employment, more single family housing, fewer white collar workers, and poverty. For cities, white collar employment was positively related to support.

It is very difficult to account for these seemingly inconsistent, disparate findings. In particular, no clear explanation of different patterns for different types of jurisdiction emerged, since no one in the campaign had argued that the proposal would benefit some types of jurisdiction (such as cities) at the expense of others. Because the bill would have decreased property taxes and increased other taxes, homeowners understandably favored it. In fact, one target group the opponents focused on was renters; but only in the suburbs were renters more likely to oppose the proposal. In rural areas the important housing variable was single family housing.

With regard to the findings on status and manufacturing employment in suburbs and rural counties, perhaps the explanation is related to the part of the Watson amendment that proposed shifting welfare costs from localities to the state. Older suburbs are more likely to have inadequate tax bases and welfare problems. For these reasons they may support transfer of the welfare function to the state level. Non-metropolitan counties are less likely to have substantial welfare expenditures and would oppose state assumption of welfare because it might mean higher taxes for them. However, the exception in rural counties may be the poor, who might gain from increased benefits, and the educated, who are more liberal or "public regarding."[4]

The polls conducted on the amendment in August and October offer another perspective on the voting analysis. In the August poll, neither political party affiliation nor race was related to support or opposition to the Watson Amendment. In October, Democrats were much more likely to oppose the referendum than were Republicans; blacks were also more likely to oppose it. The hostility of Democrats probably reflects the fact that their traditional allies, organized labor and education professionals, also opposed the measure. Blacks may have opposed it not only because they are overwhelmingly Democratic but also because they anticipated a possible revenue gap and a cutback in services.

The October polls generally revealed greater support among mainstream groups with greater socioeconomic advantages--the affluent, Protestants, homeowners, the non-unionized, and older people. However, Republicans were the only category in which more people supported than opposed the reform. Persons 50 to 60 years of age were evenly divided, while in every other group, more people opposed than supported the amendment.

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4. See James O. Wilson and Edward Banfield, "Public-Regardingness as a Value Premise in Voting Behavior," American Political Science Review, 58 (December 1964), pp. 876-87, for a discussion of public versus private-regarding orientations to government policy.

Conclusion

In combination, five factors contributed to the defeat of Proposition 14. They are:

Weakness in the Amendment: While some debate existed about the size of the revenue gap created by the amendment, it was widely agreed that such a gap would exist and need to be filled by the imposition of additional taxes or some other revenue plan by the state legislature. Another difficulty, voiced by education groups, was that the $825 per pupil provided by the amendment was insufficient. A provision that required all future property tax exemptions or classifications to be approved by statewide referenda met fierce resistance from the insurance companies and legislative leaders.

The Attack on Topping: County Assessor Watson's verbal exchange with University of Southern California Chancellor Norman Topping produced a public outcry that probably hurt the pro-amendment campaign.

The Opposition of Governor Reagan: There is no way adequately to measure the effect of the Governor's decision to oppose the amendment. His announcement, while at a meeting attended by many who supported the amendment, stunned Proposition 14 supporters.

The Issue of Local Control: The education groups who opposed the amendment feared diminished local control as a consequence of passage, because the state would assume a larger share of education costs. No issue was mentioned more often by these groups.

The Complexity of the Amendment: No issues confuse the electorate more than financial ones. Many voters did not know which side to believe about the impact of the amendment on their taxes. During the August poll the two major reasons given for opposing the amendment were that it would increase taxes and that its complexity made its impact uncertain. As election day approached, many undecided voters may have resolved to vote against the amendment for similar reasons.

Postscript

Governor Ronald Reagan appointed a study group on taxation which made a series of recommendations in 1973. A legislative battle ensued. After the legislature refused to pass the Governor's plan, he chose the initiative route in order to place the amendment on the ballot in November 1973. The amendment, defeated on November 6, 1973, proposed fundamental changes in California's revenue and expenditure system. Instead of voting appropriations and then levying taxes to fill them, the legislature would have been restricted by a maximum annual sum which it could raise by taxes. The sum to be raised in the first year would have been 8.3 percent of the total personal income of California residents. Each year the percentage was to be reduced by one-tenth of a point until it fell to 7 percent. Unless two-thirds of the members of both houses voted otherwise, appropriations would have had to fall within the annual amount stipulated by this means.

The Governor's support for this plan came mainly from the California Taxpayers' Association, the State Chamber of Commerce, and real estate interests. The successful opposition campaign was led by the California Teachers' Association, the League of Women Voters, the American Association of University Women, and the Association of City and County Officials.[5] Proponents of the plan anticipated spending one million dollars on television and newspaper advertising as well as on a new telephone-tape device that enabled one million voters to hear a taped message from the Governor.[6]

5. "Reagan Proposal Viewed by Voters," The New York Times, October 6, 1973, p. 34.

6. "Reagan Uses Dial Device," Syracuse Herald-Journal, October 5, 1973, p. 10.

COLORADO: A TALE OF TWO AMENDMENTS

Proponents of direct state participation in public school financing in Colorado went to court in 1935. In 1937, their efforts were rewarded when the Colorado Supreme Court declared:

> The issue involved is whether the financial maintenance of the public schools of the state is or is not a state purpose. We hold that the establishment and financial maintenance of the public schools of the state is the carrying out of a state and not a local or municipal purpose. (Colorado Supreme Court, Wilmore v. Annear, 100c-106).

By 1972, Colorado had a foundation program which guaranteed approximately $500 for the education of each public school child. Even with this state commitment the foundation level was still substantially lower than the actual cost of education. Therefore, remaining funds had to be sought from local property taxes. As in many states, a local school system's ability to raise these additional taxes varied considerably. These inequities provide part of the explanation for two amendments on the ballot in Colorado in 1972.

Two Colorado organizations used the initiative process to place constitutional amendments on the ballot. The state's Common Cause organization and AFL-CIO co-sponsored one amendment, while a specially-formed Property Tax Limitations Committee (PTLC) sponsored the other; both groups obtained 50,000 signatures to place their amendments on the ballot.[1]

The PTLC proposal, Amendment 7 on the ballot, would have limited the local property tax to 1.5 percent of actual value. Other than for the payment of debt, property taxes could not be raised except by statewide referendum. Revenues raised by the 1.5 percent tax were to be allocated to the state and local governments in the following manner: 5 percent to the State; 20 percent to school districts, and 75 percent to other local governmental units. The Common Cause AFL-CIO initiative, No. 12 on the ballot, would have abolished the use of the property tax for school purposes. It provided that severance (a tax on minerals and fuels), income and sales taxes should be used by the state and school districts for the public schools. The initiative also mandated that the state should distribute 85 percent of its school funds on an "equal share" basis and 15 percent for "special needs."

Arguments in Favor

The proponents of Amendment 7 were convinced that the state legislature would deal with needed school finance and property tax reform only if a crisis were created. They argued that their proposal left considerable dis-

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1. Common Cause put three additional amendments on the ballot, addressing no-fault insurance, public disclosure regulations, and a citizen's advocate seat on the state public utilities commission.

cretion to the legislature in choosing new taxes to replace the revenue lost from the restricted property tax. The amendment set no deadline by which the new taxes had to be passed, so state legislators would have ample time to develop and pass statutes to continue adequate financing of schools.

Supporters of Amendment 12 focused almost completely on the weaknesses and inequities of the property tax. The property tax should be eliminated because it was "arbitrary" and "capricious." Pointing to inequities in assessment practices, Common Cause demonstrated that:

(A) A wide variation in the assessment rates between different counties and even within the same county existed in Colorado.

(B) There was considerable variation in all counties from the 30 percent of market value assessment rates set by state law.

(C) Property owned by large corporations is consistently under-assessed--as a result, a disproportionate share of the tax burden is placed on small businesses and individuals.[2]

Arguments Against Passage

Even though Amendments 7 and 12 were different proposals, opponents tended to attack both together. Therefore, counter-arguments can be divided into specific attacks on No. 7 and No. 12, and those lodged against both.

Opponents of Amendment 7 argued that it left the legislature free to decide the type of taxes that would replace the loss in property tax revenues. They were particularly concerned with the possibility of a sales tax, and with the possible imposition of other regressive taxes in the rush to offset the loss of property tax revenues. Another issue concerned the beneficiaries of property tax reductions. Opponents suggested it would be a "windfall" for landlords since no tax credit was assured to renters, and for commercial, industrial and agricultural businesses which presently pay 60 percent of Colorado's property taxes.

Groups that opposed Amendment 12 were concerned with slightly different issues. They argued that:

1) The amendment would still permit a high level of property taxation for purposes other than education; as such, it would not bring tax relief.

2) The amendment allowed school districts for local enrichment to levy a 5 percent surtax on the income of individuals, but not on corporate income. This would mean that individuals, not businesses, would bear the brunt of maintaining excellent schools.

3) The amendment would prevent the deduction of federal income taxes from state income tax returns, thus lowering the amount of liquid resources a family would retain for living expenses.

2. "Common Cause Raps Tax Assessment of Business," Rocky Mountain News, October 26, 1972.

4) The amendment would award equal shares of the tax dollar to both large and small school districts, to the detriment of large school systems in the state.

5) The amendment appeared to divert $200 million annually in state sales and use taxes to cities and towns, leaving the state government inadequately funded.

6) The amendment would so elevate state taxes on corporate income that businesses which could, would leave Colorado.

People who opposed both amendments pointed to their lack of clarity, to potential loss of local control, and to the steep increases in personal income tax that could be anticipated. Concern was voiced, too, about locking a rigid tax assignment system and distribution formulas into a state constitution, which would be far more difficult to change than statutory law if the propqsals proved unworkable. In addition, it was argued that both amendments offered more tax relief to rural residents; city dwellers would end up bearing most of the tax burden.

Interst Groups Involved

The sponsoring groups were the only major supporters of each amendment. A number of organizations and individuals, including the Colorado Association of School Executives (CASE), opposed both amendments. The CASE, however, supported a reduction in local property taxes "by other means," unspecified.

The Colorado Education Association came out against both amendments as anti-education and unfair because of the type of taxes that would replace the property tax. CEA proposed a plan of its own: a modified equal-yield plan was its preferred solution to the school finance problem. The Colorado Association of Commerce and Industry opposed both proposals, arguing that both would raise business taxes substantially. Both initiatives were fought by the League of Women Voters, which believed that tax laws and allocation specifications did not belong in a state constitution, which is not easily adjusted. Governor John Love, announcing his opposition, described the amendments as poorly conceived and damaging in their effect on government as well as by means of the type of alternative taxes they would require.

Campaign on the Amendments

Opponents of both amendments so greatly outnumbered supporters that the campaign was extremely one-sided. In most public exchanges, proponents were on the defensive. The most active opposition came from the Colorado Association of Commerce and Industry. The amendments were called "pure poison from a business point of view" by Roy Kimball, President of CACI. Business and most other groups considered the Common Cause amendment far more offensive than its counterpart. Kimball attacked the amendment as "so

defective in structure that it didn't belong in anybody's constitution," and so complex that it was tagged the "lawyers' full-employment bill."[3]

An umbrella organization, Citizens Against Tax Increase Proposals (CATIP), was formed to coordinate the opposition. Headed by Governor Love and a Democratic State Senator from Denver, Allen Dines, CATIP stressed in an extensive media campaign that they, like most Coloradans, favored reform of the present tax system, but reform required long-range study of sound fiscal alternatives. Relief should and would come to homeowners; voters need not vote for Amendments 7 and 12 out of desperation. CATIP even congratulated backers of the two amendments for their honest concern and for alerting the General Assembly to the need for better distribution of taxes. The opposition theme, expressed repeatedly in TV, radio and newspaper ads, was: "Let's change--but not by enacting weak proposals which would damage the quality of th schools." The education groups emphasized their fears about either amendment's deleterious effect on the schools.

Proponents of both amendments complained bitterly that opponents distorted the potential effect of the amendments. Both Common Cause and the Property Tax Limitation Committee maintained that opponents purposely intermingled the two amendments to confuse the voters and to defeat both. Amendment advocates assailed what they called the "unholy alliance" in opposition, the "fat cats" of Colorado.[4] Common Cause demonstrated that companies whose officers were involved in the Colorado Association of Commerce and Industry would lose a great deal if property tax reform were accomplished. They also claimed that Citizens Against Tax Increase Proposals, as a front for CACI, provided the $500,000 spent by CATIP. The leaders of CACI rebutted these attacks by pointing out that not only business, but almost all education and civic organizations opposed the amendments. Common Cause attacked state political leaders, including Governor Love, for deliberately misinforming the public.

The opposing camps clashed over the extent to which other taxes would inevitably rise to replace the revenue lost by eliminating or limiting the property tax. Anti-amendment groups presented figures showing that drastic increases in income and sales taxes would be necessary. Supporters offered a different set of figures showing that only a 1 percent increase in sales or income taxes would make up the difference.

The Vote

Both amendments were decisively defeated. Amendment 7 lost 23.5 percent to 76.5 percent, losing by 434,104 votes. Amendment 12 lost 21 percent to 79 percent. Amendment 7 did slightly better in both urban and rural areas than Amendment 12. The margin of defeat for both amendments was widest in rural areas and slimmest in urban areas; the difference in the mean vote

3. "Measures Called Tax Liability," Denver Post, October 5, 1972.

4. "Farm Groups Back Tax Amendment," Rocky Mountain News, October 26, 1972.

between urban and rural areas was 7.7 percent on Amendment 7 and 8.5 percent on Amendment 12.

In Colorado the voting analysis is somewhat complicated, for two amendments were on the ballot and the relationships were not identical for both. Since there are so few central cities and suburban areas in Colorado, multiple regression analysis for those categories was meaningless; the analysis could focus only on all counties or non-metropolitan counties. For both types of jurisdiction, more of the variance can be explained for Amendment 12 than Amendment 7.

The multiple regression analysis revealed that white collar employment was among the most significant variables for both referenda in all counties and in non-metropolitan ones. This was the only significant variable entering the regression equation for Amendment 7 in non-metropolitan counties. For all counties, larger numbers of poor families were also associated with greater support of 7. In addition, manufacturing employment was associated with support for both amendments.

For Amendment 12, two additional status variables were related to support for both counties and non-metropolitan areas, but their impacts were contradictory. Both lower levels of median education and higher priced housing were associated with support. Additional factors present in all counties were fewer single family houses and location in metropolitan or rural areas. It is difficult to try to account for these patterns on the basis of either the content of the amendments or the actors involved on each side of the issue. For example, both white collar and manufacturing employment are related to support for the amendment. Since the AFL-CIO sponsored one of the amendments, the manufacturing finding is not surprising, but one would have expected white collar employment to have the opposite impact, since business groups as well as the Republican governor opposed both amendments. Furthermore, campaigners argued that reform would help rural areas and hurt urban ones, yet it was the rural areas that most heavily opposed both measures. Perhaps the local control issue was more salient in rural areas.

A final aspect of the voting analysis is that a larger proportion of the variance was explained for Amendment 12. Most opponents saw Amendment 12 as the more objectionable of the two, and the statewide vote was lower on 12 than 7. This may have meant that the smaller group which supported 12 was more homogeneous than the group supporting 7, making the differences between the two sides more clear-cut for 12.

Postscript

Immediately after the election, the Colorado Education Association stressed that the defeat of both amendments should not be interpreted by the legislature as a vote against change. Rather, the vote was a message that the people of Colorado favored responsible change in the state's financial program leading to property tax reduction. Legislators themselves responded to the attention focused on school finance reform by introducing various plans; by February 1973, six separate bills were being considered.

On October 1, 1973, the Colorado Legislature passed a new school finance act. The act uses a modification of the power equalization concept. State funds are used to supplement the local property tax receipts, guaranteeing $25 per ADAE revenue for each mill levied in the district. The guaranteed amount will increase to $27 in 1975 and to $29 in 1976. A few school districts raise the amount of the state-guaranteed level ($25 per ADAE) without state help. In order that all school districts receive some aid, the law provides a minimum state aid for districts which receive over $17 per ADAE per mill levied. This minimum aid is $8 for each ADAE per mill levied in 1974, $9 in 1975, $10 in 1976.

The General Assembly recognized that there could be a situation in which a local school district would feel it must increase its budget more than the percentage of authorized revenue increase. To handle such situations, a State School District Budget Review Board has been established. Composed of the Lieutenant Governor, State Treasurer and Chairman of the State Board of Education, the Board can grant an increase if it judges one necessary. After 1975, a local referendum is required if a request is rejected by the review board. A density and educational factor was built into the bill to deal with the problems of the large-city school districts. The Denver School District is the only one to qualify for such aid in 1974, which will amount to 15 percent above its regular level of support.

The total percentage of budgeted expenditures for school districts' general funds provided from state sources is expected to increase from 31 percent in 1973 to 51 percent in 1974.

MICHIGAN: SCHOOLMEN AND PROPOSAL C

Michigan's school financed system has been under careful scrutiny for seven years. In 1966, the Democratic-controlled State Board of Education and the state legislature appropriated $200,000 for a study of school finance directed by Dr. J. Alan Thomas of the University of Chicago. Completed in Fall 1967, the Thomas Report made numerous suggestions, including shifting responsibility for financing education to the state government.

By January 1969, when Lt. Governor William Milliken assumed the Governorship after Governor George Romney resigned, the need for school finance reform in Michigan had already drawn considerable attention. Milliken, whose interest in education dated from his membership on the Senate education committee, made educational reform a major goal of his administration. In April 1969, he appointed a Commission on Educational Reform. Democrats attacked the new Commission as superfluous; they saw it as the Republican governor's attempt to steal credit for educational reform from the Democratic-inspired Thomas study. Initial criticisms by the Democrats thus plunged the entire issue of educational reform deep into partisan politics.

The Commission on Educational Reform submitted its final report to the Governor in September 1969. Without much consultation with education groups or legislative leaders, Milliken drew up a package of wide-ranging reforms based on the Commission's report. According to an aide, the Governor believed he should submit the best possible proposals, whether or not they were politically feasible, and let the political process determine the final product.

Milliken called a special session of the state legislature in Fall 1969 to consider his education reform proposals. Included in his package was a proposal to eliminate the local property tax as the main source of education finance. This required a constitutional amendment, since the Michigan Constitution mandates the use of local property taxes to support the schools. Constitutional amendment in Michigan requires agreement by two-thirds of both houses of the legislature, or petition signatures equal to ten percent of the vote in the last gubernatorial election, followed by approval in a statewide referendum.

To replace the revenue lost by eliminating local property taxes, Milliken proposed a statewide property tax. His staff calculations predicted that a statewide property tax would not raise as much revenue as the local property tax. Additional sources of revenue would have to be found to make up the difference. Milliken presented only vague ideas for sources of this additional revenue, while simultaneously suggesting a specific and complex formula for distributing state revenues to school districts.

Milliken's reform package also called for drastic consolidation of school districts into regions. Regional directors would be appointed by the Governor, while the elected State Board of Education as well as their appointed Superintendent of Public Instruction would be supplanted by one administrator appointed by the Governor.

Little action was taken on the Milliken package due to the inclusion of a recommendation for state aid to parochial schools. The "parochiaid" proposal became a volatile issue that dominated the attention of the legislature. An education aid bill with a parochiaid provision eventually passed the legislature, only to be nullified by a state referendum in November 1970. After dispensing with the parochiaid issue, the legislature could turn to the remainder of the Governor's education reform proposals.

In November 1970, Milliken was elected to a full four-year term as Governor and immediately renewed his efforts to obtain legislative approval for a finance reform amendment. Milliken had to deal with a Democratic-controlled House and a Senate evenly divided between Democrats and Republicans. In addition, most education groups were either hostile or neutral toward his proposals. The Michigan Education Association (MEA) was particularly vocal in opposing any constitutional amendment to eliminate the use of local property taxes to support the schools.

In April 1971, attempting to make his finance reform amendment more attractive politically, Milliken changed its content. He still proposed eliminating the local property tax, but its revenue would be replaced by an increase in the personal income tax rather than by the statewide property tax as proposed in 1969. The revised proposal left unspecified how state funds were to be distributed, in contrast to the earlier proposal's detailed formula for distribution.

The plan called for consolidation of school districts, but no longer contained the idea of new school regions and regional directors. The Governor had also eliminated the idea of replacing the State Board of Education; instead he called for an appointed, rather than an elected, board. When this new proposal came to the legislature, bargaining began between the liberal-Democrat-controlled House, the conservative-Republican-dominated Senate,[1] and the moderate-Republican Governor.

It soon became clear that the Democratic leadership in the House was far more concerned with the tax side of the issue than with school finance reform. For many years, the Democratic party of Michigan had been trying to change the flat-rate personal income tax to a graduated tax; this effort had begun at the 1963 Republican-dominated state constitutional convention. The Constitution of 1963 contained a provision banning the use of a graduated income tax which provoked Democratic opposition to the entire revised constitution. After the revised constitution had been approved by the voters, in 1968 the Democrats attempted to amend the constitution by referendum to allow a graduated income tax. The proposed amendment was heavily defeated.

The Democratic House leadership convinced Milliken that they would not support his school finance reform amendment unless it specifically lifted the ban on a graduated income tax. In August 1971, Milliken reached an agreement with House Democratic leaders; the ban on a graduated income tax would

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1. Although the parties had exactly the same number of Senators, the Republican Lt. Governor broke all tie votes. Thus, in choosing committee chairmen, his power shifted actual control of the Senate to the Republican Party.

be revoked by the same amendment that achieved school finance reform. The amendment passed the House by only one vote more than the needed two-thirds. The Senate, however, kept the amendment bottled up in Committee under pressure from the Senate Republican caucus, which opposed the graduated income tax provision.

Attempts to find a compromise acceptable to both House and Senate continued, but Milliken, fearing that the impasse was insoluble, turned to other methods to accomplish school finance reform. In November 1971, he announced that he and the State Attorney General were filing a suit challenging the constitutionality of Michigan's system of financing public education. At the same time, Milliken announced formation of a private nonpartisan organization to collect petition signatures to put his school finance reform amendment before the voters. (This amendment was basically the same as the one presented to the legislature, but it no longer contained the provision lifting the ban on the graduated income tax.) Early in 1972, the Democratic Party announced that it too would mount a petition drive to place a school finance reform amendment on the ballot, but its amendment specifically eliminated the flat rate income tax.

Neither petition drive was gaining much support when both groups halted their drives as a result of a State Supreme Court ruling, the Butcher decision. The court ruled that, due to a loophole in the state constitution, local governments could levy property taxes to pay off debts, without limit and without approval of the voters.

At this point, in March 1972, MEA became involved in the movement to get an amendment before the voters. MEA's action was surprising since the Association had previously opposed any constitutional amendment that removed the local property tax as the main source of school revenue. Once MEA had changed its position, it could choose between the two petition efforts or start its own. MEA had to decide whether joining the graduated tax provision to the school finance reform amendment would defeat both. MEA decided that it would, and thus could not support the Democratic petition drive. Favoring the change from a flat rate to a graduated income tax, however, MEA could not support the Governor's petition drive, either. Therefore, the group drafted its own amendments, one on school finance reform and one erasing the ban on the graduated income tax.

Several types of business tax were possible choices in composing the MEA school finance reform amendment. A provision for a statewide property tax on business property might have been included, as recommended in both the Governor's amendment and the Democratic amendment. But the statewide property tax was opposed by business groups. Instead, MEA substituted a value-added tax on business products. This decision was the basis of organized labor's opposition to the MEA amendment.

The school finance petition drawn up by MEA resembled the Governor's original amendment. Milliken, therefore, immediately called a halt to his petition drive and announced his support of MEA's drive to get both amendments on the ballot. An informal agreement between MEA and the Governor stipulated that he would stay neutral on the graduated income tax amendment if both amendments were placed on the ballot--a stance which caused later Republican criticism of him.

The alliance of MEA and Governor Milliken must be viewed as a most unusual coalition. MEA had bitterly fought the Governor over parochiaid and had, until now, strongly opposed his efforts to change the method of school finance. The Democratic party, previously closely allied with MEA, was astounded by MEA's action. The Democrats decided to reinitiate their own petition drive with new wording, taking into consideration the Butcher decision. But the Democrats did not appear dedicated in their efforts, nor did the UAW or AFL-CIO, both of which officially supported the Democratic petition drive.

By the end of April 1972, all hope had faded that the legislature would place an amendment on the ballot. If an amendment were to reach the ballot it would now be through the initiative process, which requires voters' signatures. But April found both MEA and the Democratic Party with no signatures on their petitions and only twelve weeks in which to collect 265,609 valid signatures.

MEA was able quickly to organize its 80,000 members for the petition drive partly by coordinating its efforts with the Governor's organization, the Michigan Committee for Quality Education. The needed signatures were easily collected by the July 10 deadline--422,000 signatures of the school finance reform petition and 366,000 signatures on the graduated tax petition. With the exception of 90,000 signatures collected by the Governor's organization, teachers were responsible for collecting all the signatures.

The Campaign

Buoyed by its show of strength in the petition drive and by private polls which showed Proposal C, the school finance amendment, passing, MEA faced the campaign confidently. The teachers' organization, only recently assuming an active role in state politics, planned its own campaign strategy and followed it unswervingly in the months ahead. MEA concentrated exclusively on the equality of educational opportunity issue. It ignored or weakly defended Proposal C from criticism on other issues. While MEA spent $250,000 on the effort, it wrongly assessed the campaign's impact on voters. Private MEA polls and polls by the Detroit News both showed Proposal C passing; through election day it was expected that Proposal C would win. Both MEA and the Governor were lulled by the polls into believing their campaign for the amendment was going well, and that their campaign strategy was adequate.

One event dramatically affected the fate of Proposal C--a ruling in July 1972 by Federal District Court Judge Stephen J. Roth. Roth ordered Michigan to purchase 295 school buses to be used by the Detroit schools for cross-district busing to achieve racial integration during the 1972-73 school year. Despite the furor created by Judge Roth's order, proponents of Proposal C never confronted the charge that passage of the amendment would encourage cross-district busing. Supporters failed to rebut the charge because they were convinced by the polls that attempts to link busing to Proposal C were failing; they did not want to lend them credence.

The campaign against Proposal C by anti-busing groups was mainly an unorganized, grass-roots activity. Throughout the summer and early fall, no formal group opposition to Proposal C existed. Major opponents of Proposal C were Eugene Black, a Justice of the State Supreme Court, and a Republican

State Senator, Harry DeMaso. The unclear working of Proposal C led Black to claim that it would still be possible for local school boards to issue bonds and then raise property taxes in order to pay off their debt, without ever seeking voter approval. Senator DeMaso, Chairman of the Taxation Committee, vociferously claimed that the income tax would have to be increased significantly to compensate for revenues lost by the elimination of the local property tax. Opposition newspapers played up the charges of Black and DeMaso; as attacks on Proposal C by respected government officials, they raised doubt in many minds that Proposal C would bring actual property tax relief or any decrease in their total tax bill. Governor Milliken attempted to counter these charges, but not emphatically.

In October, both the UAW and AFL-CIO came out strongly against Proposal C. They claimed that the value-added tax would result in a tax windfall for businesses, which would no longer pay any property tax and would simply pass along to consumers the cost of the new value-added tax. Most business organizations were unsure how the passage of Proposal C or a value-added tax would affect them; therefore, they stayed neutral. The Chamber of Commerce officially supported Proposal C but did not work to build support for it in the business community.

The Farm Bureau also came out for Proposal C, but had some difficulty convincing its members to go along. While most farmers stood to benefit from the property tax relief offered in Proposal C, they feared the loss of local control that might accompany state takeover of school financing.

Most importantly, the education community did not present a united front on the issue. The Michigan Federation of Teachers and Detroit Federation of Teachers broke with the AFL-CIO, to which both belong, and officially supported Proposal C. But neither group campaigned very strenously for passage. As a statewide group, the Michigan Association of School Administrators came out for Proposal C, but many local superintendents of schools opposed it, likewise many local school boards. The Michigan Association of School Boards announced oppositon to the plan just before election day.

The final line-up of state organizations on Proposal C was:

For Proposal C

1. Michigan Education Association
2. Michigan Association of School Administrators
3. Michigan Association of Elementary School Principals
4. Michigan Association of Secondary School Principals
5. Michigan Federation of Teachers
6. Detroit Federation of Teachers
7. Michigan Congress of Parents and Teachers
8. Michigan State Board of Education
9. Michigan Association of Non-Public Schools
10. Michigan Farm Bureau
11. Michigan Chamber of Commerce
12. Michigan League of Women Voters
13. Michigan Republican Party

Against Proposal C

1. United Auto Workers
2. Michigan AFL-CIO
3. Michigan Association of School Boards
4. Michigan State Grange

No Position on Proposal C

1. Michigan Democratic Party

On election day Proposal C was defeated by 490,000 votes, winning support from only 42 percent of the voters. Proposal D went down to even worse defeat, losing by 1,143,000 votes and receiving only 31 percent of the vote.

Explanations for the Defeat

It would be easy to conclude that Proposal C, as the popular phrase ran, had been "run over by the yellow bus." Certainly it was decisively defeated in the Detroit metropolitan area. But the cause of Proposal C's defeat is more complex than simply the busing issue. A more accurate view of the defeat of both proposals suggests that, together, they constituted one of the most complex tax reform packages ever to be put before a state electorate. It must be emphasized that school finance in Michigan, except in Detroit, was not perceived by voters as in crisis. The complexity of the issues--and probable confusion on the part of voters as to the eventual impact of the amendments--caused the electorate to choose the safe status quo over an uncertain future.

Many issues contributed to voter confusion and fear, only one component of which was busing. A different handling of busing by proponents of Proposal C might have lessened its impact. The fears expressed by UAW, AFL-CIO, and the Democratic Party that the amendments would hand business a tax break at the expense of the individual, contributed to the opposition of liberals and union members. At the other end of the political spectrum, the attacks by State Senator DeMaso and Justice Black caused many fiscal conservatives to doubt the tax relief benefits of Proposal C, according to a number of observers. This belief was based on the expectation that the income tax rate would rise very steeply and that assessment of property values would be raised to maintain the level of revenue derived from property taxes even after lowering the millage rate.

A general fear throughout Michigan was that Proposal C would weaken local control of schools, with the State Board of Education and the State Legislature assuming more centralized power. This fear was heightened by the knowledge that Milliken had included many centralizing provisions in his original school reform package, even though they were not included in Proposal C. The increasingly active State Board of Education was distrusted in many parts of the State, particularly in rural areas. Uncertainty also afflicted views of the Legislature because of the frequently bitter political conflict that divides this body. Neither the State Board nor the Legislature

presented an image of the kind of public institution which Michigan residents wanted in control of education.

Finally, voters were confused by the position of the education groups. MEA was the main force behind the amendment, but its recent militancy in collective bargaining and teachers' strikes had angered many citizens who now suspected its motives for backing the amendment. Even more important, many people were unsure how Proposal C would affect their local school system. The opposition of many local school boards and superintendents to the amendment reinforced this view. As a result, many people saw a vote against Proposal C as a vote for preserving the quality of their own school system.

Detroit was the only school system which would clearly have benefited from the passage of Proposal C. Due to repeated millage defeats, the Detroit schools faced bankruptcy. Thus, many voters, especially in rural areas, saw Proposal C as an attempt to bail out the Detroit School System. (After Proposal C failed, the state legislature did agree to loan the Detroit schools $75 million in order to keep the schools open beyond the middle of March. The Detroit School Board then voted to impose a tax to repay its debt, without a local referendum.)

The Vote

Multiple regression analysis revealed several variables that consistently related to support for the referendum in three of the four types of jurisdiction used in the analysis. No variable was significantly related to support in central cities, but for the other types of jurisdiction (counties, suburbs, non-metropolitan counties) the same set of variables was important in each case. These were employment in manufacturing, home ownership and urbanization. For all three, support of the constitutional amendment was associated with lower levels of home ownership and fewer people living in urban areas.

In addition, the analysis using counties as the unit of analysis indicates that support was higher in metropolitan than in non-metropolitan areas. This means that the relationship between urbanization and referendum support was curvilinear; greatest support was found in metropolitan areas and in the most sparsely populated areas outside SMSAs. Finally, lower levels of manufacturing employment are related to a more positive vote in all counties and non-metropolitan areas. In suburbs, several additional variables emerge as important. More non-white residents contribute to referendum support. In addition, lower median family income but more families with incomes above $15,000 are associated with support. This suggests a relationship where communities with large numbers of lower middle class residents opposed the amendment.

In the voting analysis, the easiest pattern to explain is the one involving manufacturing employment. The AFL-CIO and UAW both opposed Proposal C; thus lower levels of support in areas with greater manufacturing employment may indicate the influence of union opposition. With regard to the home ownership variable, homeowners may not have been convinced that their property taxes would be substantially reduced if Proposal C passed. Indeed,

they may have feared that their total tax bill would increase. This may explain the weaker support of areas having high proportions of home owners.

The urbanization finding is somewhat more complicated. Since the only jurisdiction clearly to profit from the passage of Proposal C would be Detroit, many voters in rural areas presumably saw the measure as an attempt to rescue Detroit and, therefore, opposed it. However, the city of Detroit overwhelmingly opposed Proposal C, perhaps due to the busing issue, while other metropolitan areas were supportive. The less urbanized suburbs and non-metropolitan counties were supportive; their own need for financial aid may well have outweighed their concern with Detroit and busing.

The final finding involves Michigan's central cities. In the correlation analysis, the relationships of socioeconomic variables in the cities were the reverse of those in suburbs and non-metropolitan areas. In the cities, higher status was associated with greater support. In the suburbs and rural areas, lower status was associated with support. In the cities this may reflect the impact of the busing issue upon Detroit and lower-status cities. In the other areas, financial need may explain the support of lower-status regions. However, only for suburbs do status variables remain important in the multiple regression analysis when other variables are controlled.

Postscript

In December 1972 the State Supreme Court ruled on the Governor's suit challenging the constitutionality of Michigan's method of financing education. The court ruled that the present method of school finance was illegal, but it did not outlaw the local property tax as a means of supporting schools. Instead, the state legislature was ordered to devise a means of equalizing each school district's ability to finance its schools.

In April, the State Senate passed a state aid bill that presumably meets this criterion. The bill, backed by the Governor, is basically an equal yield plan in which school districts with the same millage receive the same amount of money per pupil regardless of local property wealth. The Democratic House passed a bill substantially different from the one passed by the Senate, even though it eventually agreed to a conference committee version nearly identical to the one originally passed.

The new law will require all school districts to come up to 20 mills in the next three years; in deficit districts one additional mill will be required to pay off past obligations. The equal yield plan places a premium on local tax effort and, as such, hits hardest at school districts like Detroit that have high tax rates for other services. Currently, Detroit receives $16 million of the $20 million state municipal overburden grant (roughly equivalent to 3 mills of local property tax effort). It will receive more under the new plan, which contains a total of $24 million for municipal overburden. Still, many Detroit legislators believed the equal yield plan would hurt Detroit's relative position in public education. The plan contains no limit on local tax efforts; many high-effort communities can thus be expected to tax themselves at a much higher rate than Detroit. In addition, the plan takes no account of the widely different costs of educating students in different communities due to salary and other expenditure differentials.

Although Detroit residents finally approved a millage renewal and, as a result, had the unvoted income tax removed, the 22 mills presently being levied for operating expenses is seen by Detroit legislators as inadequate to the educational task. As Detroit legislator Coleman Young said, "The bill is clearly anti-Detroit.... Poor people will get a Pinto education, while the rich have a Cadillac education."[2] As a result, most legislators from Detroit voted against the plan.

2. From "Senate OK's School Aid Bill," Detroit News, April 6, 1973.

OREGON: IF AT FIRST YOU DON'T SUCCEED

Before 1972, all attempts to provide tax relief to Oregon homeowners had failed. At times the state legislature was unable to agree on a proposal; in other instances voters rejected tax plans passed by the legislature. In Oregon, tax measures can be referred to the voters by a petition process, but Oregonians have approved only two "referred" tax measures in the past twenty-five years. (Both were cigarette tax increases which passed by very slim margins.)

A combination of legislative inaction and voter antagonism had frustrated advocates of tax reform. Despite widespread pressure for a tax reform program to put on the November ballot, the 1972 legislature was unable to reach any agreement. In response, the Oregon Farm Bureau successfully organized a petition drive to collect 70,000 signatures to place a constitutional amendment on the ballot in November 1972. Despite the fact that the petition drive was organized and run by the Farm Bureau, most petition signers for Measure 9 were non-farmers who wanted property tax relief.

Nature of the Proposal

Measure 9 would have banned the use of property taxes to support school operating expenses. It also changed the vote needed to pass a capital construction bond levy for schools from a majority of those casting ballots on the issue to a majority of all registered voters.

Arguments for Passage

Supporters of Measure 9 saw passage of the amendment as the only way to force the state legislature to grant property tax relief. Without such pressure it was believed the state legislature would remain deadlocked on the issue. Advocates agreed with critics of the measure that its passage would create a financial crisis and that alternative funding would have to be arranged. However, proponents saw this crisis as easily overcome; they felt the disadvantages were counterbalanced by the benefits that would result from property tax relief. The amendment neither suggested nor mandated particular taxes to supplant the lost revenue. This was a conscious decision by the amendment's supporters, who argued that by mandating no specific new taxes, Measure 9 left the legislature entirely free to pass whatever taxes it wished.

Arguments Against Passage

Arguments used by opponents of the amendment included the general criticism that the measure was only half a bill in that it removed the current school finance system without providing a genuine substitute.

Further, opponents attacked the type of taxes that might replace the property tax. Since the property tax accounts for over 75 percent of the funds supporting Oregon's schools, it was argued that dramatic increases in

personal income taxes and/or passage of a sales tax would be required to make up the difference. The possibility of a sales tax particularly upset Oregonians, who had recently rejected such a tax by referendum. In fact, the entire measure was seen by many groups as an attempt by the Farm Bureau to secure a sales tax indirectly.

Opponents felt the amendment was biased in favor of rural areas. Since rural areas have fewer services to support, it was argued that the proposal would offer them a bigger tax break than urban areas. To counteract that argument it was pointed out that school operating expenses often account for a much larger percentage of total public expenditures in rural areas than in urban and suburban areas.

Further, the opposition charged that the amendment was biased toward big business. Business and industry pay sixty-three percent of property taxes in Oregon; a shift away from the property tax would thus lay a larger share of taxes on individuals. The amendment was portrayed as a bonanza for such large property owners as railroads, utilities, timber companies, and owners of large farms and grazing lands.

The period specified in the amendment for instituting the change was seen as too brief a time in which to adopt new tax methods. The limitation on the property tax was to take effect in six months. Many argued that if the legislature became deadlocked or the voters rejected the tax proposal passed by the legislature, the schools of the state could not operate in 1973-74. Furthermore, important decisions regarding tax reform should be worked out in a calm atmosphere, not under the threat of school shutdowns should the legislature or the voters fail to pass a tax measure.

It was also charged that the amendment would result in full state funding and a subsequent loss of control over the schools.

The provision changing the majority required to pass bonds was also criticized. Opponents argued that such a change would mean that non-voters would be counted as negative votes. As a result, the traditional light turnout at school elections would make it nearly impossible for future bond measures to pass. Opponents claimed that this provision alone gave sufficient cause to vote against the amendment.

Position of Major Groups Involved

The two major supporters of the amendment were the Oregon Farm Bureau and the Oregon State Home Builders' Association. The Farm Bureau formed a Committee for Measure 9, headed by its top officials as campaign directors. The builders' organization backed the measure because they believed it would make home building more attractive and increase housing starts in Oregon.

Opposition came from the following groups and individuals: business groups such as Associated Oregon Industries and Realtors of Portland opposed the measure as irresponsible, even though many businesses would pay lower taxes if the measure passed.

Labor groups such as Oregon AFL-CIO and Oregon State Employees' Association opposed the amendment primarily because they felt that regressive taxes would replace the property tax.

Education groups such as the Oregon Education Association, Oregon School Boards Association, and the Education Coordinating Council (made up of the presidents of all post-secondary educational institutions in the state) felt that the measure threatened the adequate support and continuing operation of the schools.

Farm groups such as the Grange and the Farmers' Union opposed the measure mainly because of the taxes they feared would be substituted for the property tax, particularly a sales tax.

Governor Tom McCall believed the measure threatened his efforts to obtain a comprehensive school finance/tax reform package. He did praise the Farm Bureau for helping to convince the state legislature that Oregonians demanded property tax relief.

The Campaign

The Farm Bureau's campaign for passage of the amendment had a low budget and, as a result, little media exposure. The Bureau was on the defensive most of the time, since opponents of the measure included almost every educational, political, business, labor and civic organization in the state. In addition, nearly every newspaper in Oregon opposed the amendment. In spite of the nearly unanimous opposition to the amendment by state organizations, a poll conducted by the Portland Oregonian in September showed the measure losing by only a fifty-five to forty-four percent margin.

As a result, opponents of the amendment felt it was necessary to outdo backers of the measure; they outspent proponents by a three to one margin.[1] Extremely forceful language characterized statements opposing passage. The measure was labeled as "one of the most irresponsible legislative proposals ever advanced in our state."[2] In addition, opponents repeatedly insisted that passage of the amendment would almost certainly mean that the schools could not operate during 1973-74.

The Farm Bureau concentrated on explaining why the amendment provided no new taxes to replace the property tax. The Farm Bureau insisted that the result of this tactic would have been to focus the campaign exclusively on a plan for new taxes; they wished to dramatize the inequity of the property tax. The Bureau spent much time and effort explaining that the property tax would only be eliminated for school support, not for other special districts or local governments. The measure had purposely been written this way to overcome a factor which contributed to the defeat of a 1968 tax limitation measure--voter fears that police and fire protection would suffer by the measure. Reacting to the strong language used by Measure 9's opponents, the Farm Bureau claimed that scare tactics were being used to frighten and confuse voters. Less than a month before the vote, Governor McCall released a revised version of his plan for a comprehensive school finance/tax reform program, urging Oregonians to defeat Measure 9 so that his plan for "responsible change" would not be jeopardized.

1. "Measure 9 Proponents Defend Issues, Retrench for Big Ballot Battle," The Oregonian, Portland, Oregon, October 22, 1972.

2. "Farmers Against No. 9," The Oregonian, Portland, Oregon, October 14, 1972.

The Second Oregon Referendum[3]

In January 1973, Governor Tom McCall sent a tax reform/school finance program to the Oregon Legislature. He recommended the virtual elimination of local property taxes for the support of school operating costs. To replace lost property tax revenues, McCall suggested increases in personal and corporate income taxes, the imposition of a statewide property tax on commercial property, and a reduced federal income tax deduction. In addition, $67 million in federal revenue sharing plus state general funds would be allocated to education. It was predicted that, together, these monies would increase state support of Oregon's public school system from 21 percent to 95 percent.

A proposed new distribution formula moved toward reducing disparities between rich and poor districts. The constitutional amendment that was part of the McCall plan implemented the key tax and aid distribution proposals, giving the Legislature responsibility for future increases in school expenditures.

These were the major aspects of the proposal sent to the Oregon Legislature. Its chief legislative support came from the Democratic leaders of both houses. The Legislature passed the proposal, with minor modifications of the business profits and corporate income tax, but only after a bitter internal fight. The majority of Republican legislators opposed the plan--a factor which could not be overcome, even though McCall was a Republican, during the campaign.

The Campaign

Support for the plan came from the Republican governor, the two Democratic legislative leaders, the League of Women Voters, the AFL-CIO and the Farm Bureau. Together they formed the Tax Relief Now Committee.

The opposition, called the Vote No Committee, was led by the Association of Oregon Industries as well as Republican Representative Hansell and Democratic Senator Cook. This group spend $62,000 to defeat the plan, while the Tax Relief group raised only $29,600.

Issues in the campaign included predictable concern over weakened local control and questions about the actual impact of the proposals on economic growth, as well as on an individual's tax burden. According to Pierce, the opposition made a conscious effort to confuse voters by arguing that insufficient information was provided about the impact of the plan. In evidence, opponents cited supporters' efforts to push through the issue quickly, without sufficient time for careful legislative deliberation. According to Kirst, the state's major education groups--the Oregon Education Association and the Oregon Association of School Administrators--reluctantly supported the measure but played no major role in the campaign because of their anxiety about the distribution formula and local control.

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3. This entire section draws heavily from an article to appear in the Fall 1973 issue of New Directions for Education, by Lawrence C. Pierce, a University of Oregon political scientist, and from conversations with Professor Michael Kirst of Stanford University.

Reasons for the Defeat

A number of explanations account for the defeat of Measure 1. First, voters were confused about the actual effects of the proposition. The proponents mounted an abstract "educational campaign" while opponents made specific points against the measure's weaknesses. The complexity of any tax proposal reinforced these campaign tactics. Second, the local control issue was never satisfactorily resolved, although the Governor tried to meet it by promising to maintain local control. Third, weaknesses in the distribution formula greatly disturbed the state's educational establishment. Finally, an underlying mistrust of government in general was supported by the disunity of legislative leaders and government officials. Kirst suggests that Oregonians did not really believe their taxes would be cut.

The Vote

When the final vote was in, 58 percent of those who went to the polls on May 1, 1973, said No to the proposal, which carried only 3 of Oregon's 36 counties. Pierce reported that:

> The three counties voting for the plan would have received the largest tax rate reductions if it had passed. Districts which would have received the lowest tax rate savings voted consistently more than 10 to 1 against the plan.
>
> A cursory vote analysis also suggests that the vote for the plan (and perhaps trust in state government) varied inversely with the distance of the voters from the state capital in Salem. When the counties are categorized geographically into eastern Oregon, Willamette Vally, and the coast and southern Oregon, a pattern of support (which varied among counties from 5.8 percent to 61.3 percent) emerges for McCall's plan. Willamette Valley counties (and Salem is located in the center of the Valley) generally gave the plan the most support; coastal and southern counties generally gave less support; and eastern Oregon counties--those farthest from the capital--gave the least support.[4]

The November referendum was defeated 62 to 38 percent, losing by 215,251.

No significant differences in referendum outcome emerged among Oregon cities, suburbs and non-metropolitan areas. Like Colorado, Oregon contains so few central cities and suburban areas that multiple regression analysis for these areas is meaningless. In the Oregon case, two referenda on school finance were conducted at different times, and the patterns for the two elections differ somewhat.[5] Turnout was lower in the special election

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4. Pierce, op. cit., p. 25.

5. This analysis is based on preliminary unofficial reports of returns for the May referendum.

(68.9 percent of the November vote) and inter-county voting patterns varied far more widely in May--a difference in the standard deviation of between 4.9 percent in November and 15.1 percent in May. Finally, the pattern of relationships between county characteristics and referendum support was quite different for the two elections. One indication of this is that the correlation between a county's vote on the two issues was only .467, lower than might have been expected given the similar content and temporal proximity of the votes. A final difference between the two elections is that more of the variance can be explained for the May results.

The multiple regression analysis in Oregon focused on counties as the unit of analysis because it was impossible to obtain more detailed information for the May election. In such a special election, Oregon's city and suburban precincts can be combined; thus, separate vote totals for the central cities were not available, nor could the city-suburban distinction be used in the data analysis. In November, the only significant variable in non-metropolitan counties was home ownership; fewer renters were associated with higher levels of support.

The same variables were related to support in all counties for both elections, but the relative importance of various factors differed. In November, the only significant variable related to support of the amendment was location inside metropolitan areas. In May, the variables significantly contributing to support were higher-priced housing, fewer single-family houses, and more employment in manufacturing. Both housing and manufacturing variables were also related to support in November and location in the SMSA's in May, but these correlations were not significant. More old people were associated with greater support in both instances but not at a significant level. Other variables that applied to support of only one of the referenda were lower median education (not significant) for November and fewer single-family houses (mentioned above) for May.

Why did counties with more elderly residents, more expensive housing, SMSA locations, and manufacturing employment tend toward higher support of the Oregon referenda? The reduction in the property tax achieved by either proposal offers one possible explanation for the findings involving the value of houses and the elderly.

However, the analysis of which groups might receive tax relief under the first year of Governor McCall's proposal only supports one of these two variables as a possible cause of amendment support. While the elderly were expected to benefit, so were renters and the less affluent. In addition, it was argued that changes would benefit the rural areas, yet urban areas were more supportive of the proposals. However, Pierce states, at least the counties that had most or least to gain from the changes did vote according to their interests.

The Farm Bureau supported McCall's proposal, but rural areas proved more likely to oppose it at the polls. The key to the rural vote especially in May, may have been that most Republican officials opposed the reform pro-

posals. Pierce also states that support in the May election was lowest in counties farthest from the state capital.

Another difference between the May and November referenda emerges. In November, almost no one supported the proposal besides groups which put it on the ballot. In May, most organizations supported the reform, yet the proposal still lost. The greater involvement of interest groups in the May campaign may have created clearer differences between the two camps, suggesting why the analysis can account for more of the variance in May than in November. This may also be the explanation for the greater variation in county voting behavior in May, i.e. the substantial increase in the standard deviation of the vote mentioned previously.

IV. IMPLICATIONS FOR POLICYMAKERS

Several insights for policymakers can be drawn from this study.

The Art of Compromise

As has been amply demonstrated, proponents who failed to build broad coalitions to support their amendments were disappointed. In order to pass constitutional amendments, such broad-based support must be developed. One strategic recommendation is therefore to avoid the initiative as a means of putting an amendment on the ballot. This is not to suggest that a legislature's placement of an amendment guarantees significantly greater support for it. But legislatures work in an environment where compromise is the rule, not the exception. With a caution to "Remember the Second Oregon Vote" (where an amendment was pushed through the legislature without much effort at compromise), this study suggests that if a constitutional amendment is to be the chosen device for finance reform, its chances are better if it has first survived the compromise process in the legislature.

Fiscal Issues Are Tough

Amendments on financial matters are inherently more difficult to explain to the voters. Simplification becomes necessary to avoid confusing citizens and to frustrate the building of negative coalitions. Most of the amendments reviewed in this report had too many parts--parts whose controversial nature killed the whole. Further, it is probably wise to spread major reform over a longer period and to attempt one change at a time, perhaps beginning with a property tax circuit breaker.

Choose Substitute Taxes Carefully

One of the most important findings of this study was that debilitating conflict is produced by the question of substituting other taxes to make up for the loss of property tax revenues. Conventional wisdom may err in making too much of the voters' supposed desire for progressive taxation. A recent ACIR poll revealed that the public prefers a state sales tax to a state income tax or a state property tax.[1] This suggests that more reliable information is needed on public attitudes toward particular taxes before a proposal is assembled. Before any proposal is worked out, in fact, a sophisticated poll should be taken on many of the issues raised in this report.

Avoid Constitutional Change

All of the amendment campaigns reveal the difficulty of achieving constitutional change. An almost overwhelming number of built-in obstacles exist,

1. Financing Schools and Property Tax Relief--A State Responsibility (Washington, D. C." Advisory Commission on Intergovernmental Relations, January 1973), p. 162.

including vote requirements, the need for signatures on initiative petitions, the expense of mounting statewide campaigns, and the deterrent to compromise that holding a referendum provides. Therefore, it seems politically more feasible to attempt tax or expenditure reform through other means.

Confront Local Control Fears

Evidently the local control issue cannot be avoided by any amendment which splits the financing of a public function from its governance. Rather than avoid the issue, tax reform advocates must be prepared to confront it directly. They should clearly spell out the division of responsibilities between state and local government under any new fiscal arrangement.

A Final Note

It should be evident to readers that the researchers are not optimistic about the possibility of achieving major reform if the constitutional referendum route is taken. The system of state and local government in this country has never accepted major reform easily. State and local politics have long been characterized by incrementalism. Winds of change can be sensed in state capitals, nonetheless. If properly understood through studies like this, we believe that they can be directed toward tax and school finance reform.

APPENDIX A

CHART 1:

Turnout for the Amendments as a Percentage of the Presidential Vote

November 7, 1972

State	Title of Amendment	Percent
California	Proposition 14	93%
Colorado	Amendment 7	86%
	Amendment 12	84%
Michigan	Proposal C	90%
Oregon	Measure 9	97%

APPENDIX B

VOTING ANALYSIS

Simple and multiple correlation techniques were used to examine the relationship between voting patterns on the referenda and socioeconomic characteristics of local jurisdictions in each state. Because voting data were readily available only on a county basis, the research used the county as its basic unit of analysis.

It should be noted that the necessity of using county data may limit the extent to which correlation analysis can account for variations in referenda votes. Counties are often large, heterogeneous units, containing many diverse communities whose aggregation may obscure the relationships that exist within constituent communities. A hint that this problem occurs in the research appears in the figures on standard deviations for the votes on the amendments. In all four states, the standard deviation is quite small relative to the mean, which indicates relatively little inter-county variation in the vote (see Table 1). The only exception to this pattern is the second Oregon vote, where the standard deviation is a healthy 15.1 percent.

TABLE 1

Mean and Standard Deviation in the County Votes for the Four States

State	Mean Vote (%)	Standard Deviation (%)
California (N=58)	32.5	4.9
Colorado #7 (N=63)	20.6	5.3
#12 (N=63)	17.0	5.6
Michigan (N=83)	47.2	6.4
Oregon Nov. (N-36)	37.3	4.9
May (N=36)	29.8	15.1

This lack of variation could reflect two different situations. Considerable variation at the community level could be masked by using the county as the unit of analysis, or there simply could be little variation at both community and county levels. Voting data were available for central cities in Standard Metropolitan Statistical Areas; this enabled the researchers to compare central city with suburban areas and metropolitan with non-metropolitan areas. This analysis indicated that the problem may partially be one of aggregation; somewhat clearer patterns and stronger relationships do appear as the data are disaggregated in the process of doing separate analyses of city, suburban and rural areas. Further disaggregation would perhaps reveal even stronger relationships.

The initial analysis was conducted using counties as the unit of analysis, and the percentage of Yes votes on each amendment was correlated with census characteristics. These simple correlation coefficients were very low (see Table 2); only a few were as high as .30. Next, the researchers separated central cities from the suburban portions of their counties and redid the analysis.[1] Since cities and suburbs differ considerably in characteristics, it was expected that dividing central cities from suburbs and entering them as separate entities in the analysis might produce clearer, stronger relationships. This did not occur (see Table 3). The correlations are still quite low, tending to be slightly higher in the first calculation, which was based solely on counties.

Next, counties located in Standard Metropolitan Statistical Areas (SMSAs) were separated from counties outside SMSAs. The correlation analysis was done separately for the two groups of counties (Table 4). This time, the correlation coefficients were higher than those produced by the statewide analyses. A final step was to subdivide the SMSA counties into two types of jurisdiction--central cities and outside central cities (OCC defined as the suburban portion of central city counties plus SMSA counties that did not contain a central city). Correlation coefficients were then calculated for each of the three types of jurisdiction--central city, outside central city, non-SMSA (city, suburb, rural) in each state. Both Colorado and Oregon have only three SMSAs, so in these two states there are too few cases in the central city and suburban categories to support meaningful analysis. In Michigan and particularly in California, sufficient cases exist in each category to permit an analysis based on all three types of jurisdisction.

Even after this breakdown, the problem of lack of diversity within each state remains, as can be seen in Table 5. Only slight differences are registered among vote totals for the three categories in each state. (The largest difference, in Colorado, is only eight percent.) However, an examination of the correlation coefficients within each state reveals larger coefficients than appeared in the analyses of total states, as well as insight into why that occurs.

Two phenomena can contribute to the appearance of larger coefficients in the analysis based on SMSA categories. The relationship between a given socioeconomic characteristic and amendment votes may be positive in one category and negative in another, or a strong relation may exist in one subgroup and little or no relation in the others. In either case, combining the categories in one analysis obscures the relationships that exist in individual categories as well as lowering the total correlation coefficient, suggesting that no relation exists between the vote and the socioeconomic characteristic. Both types of situation can be seen in the Michigan case, as illustrated in Table 6. In the case of median income, its relation to the vote is substantial for both central cities and suburbs, but since the direction of that relationship is not the same in the two areas, each cancels out the other, which considerably reduces the overall coefficient. With regard to the elderly population, a strong relation exists in the cities, but none in the other two areas, which produces an overall coefficient of approximately zero.

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1. None of the additional steps in the analysis was performed for the second Oregon referenda because the necessary voting data was not available.

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TABLE 2. CORRELATIONS BASED ON COUNTIES

	California (N=58)	Colorado* (N=63) #7	#12	Michigan (N=83)	Oregon+ (N=36) (November)	May
Socioeconomic Status						
1. Median Education	-.307	-.111	-.119	-.124	-.283	.246
2. Median Income	-.169	.047	.104	-.262	.147	.609
3. % Below Poverty	.342	.119	.083	.257	-.046	.454
4. % Over $15,000	-.039	.106	.139	-.175	.160	.589
5. % White Collar	-.094	.354	.469	.045	.011	.577
6. Median Value Owner Occupied Housing	-.059	.290	.446	-.155	.251	.716
Aged						
7. % Over 65	-.063	.002	-.158	.115	.167	-.156
Private School						
8. % in Private School	.154	.242	.326	-.261	.127	.469
Housing Stock						
9. Single Family	.111	-.096	-.225	-.041	.126	-.508
10. Owner Occupied	-.073	.019	-.045	-.248	.459	.134
Location						
11. In SMSA	.150	.275	.432	-.101	.294	.533
Other						
12. Non-Whites	.009	.042	.095	.019	-.079	-.092
13. % in Manufacturing	-.093	.326	.400	-.367	.361	.371
Mean	32.5	20.6	17.0	47.2	37.3	29.6
Standard Deviation	4.9	5.3	5.6	6.4	4.9	15.1
Multiple R	.6292	.5445	.7174	.6272	.7014	.8540
R^2	.3959	.2965	.5147	.3934	.4920	.7294

* R^2 between two Colorado Amendments = .889

\+ R^2 between two Oregon Amendments = .467

TABLE 3. CORRELATION ANALYSIS SEPARATING CENTRAL CITIES FROM THE OUTSIDE CENTRAL CITY PORTIONS OF THEIR COUNTIES

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	California (N=82)	Colorado (N=65) #7	Colorado (N=65) #12	Michigan (N=94)	Oregon (November) (N=39)
Socioeconomic Status					
1. Median Education	-.319	-.104	-.117	-.020	-.230
2. Median Income	-.145	.052	.103	-.205	.096
3. % Below Poverty	.258	.099	.069	.216	.007
4. % Over $15,000	-.052	.100	.128	-.119	.111
5. % White Collar	-.189	.375	.475	.078	.022
6. Median Value Owner Occupied Housing	-.033	.283	.427	-.080	.184
Aged					
7. % Over 65	-.088	-.057	-.199	.093	.184
Private School					
8. % Private School	.155	.257	.340	-.202	.189
Housing Stock					
9. Single Family	.120	-.102	-.213	-.195	.115
10. Owner Occupied	.027	.031	-.017	-.334	.363
Dummy Variables for Location					
11. City	-.034	.277	.285	.169	.060
12. Suburban	.215	.233	.381	-.157	.202
13. Non-SMSA	-.164	-.363	-.492	.014	-.211
Other					
14. % Non-Whites	-.056	.073	.109	.109	-.055
15. % in Manufacturing	.035	.378	.450	-.329	.252

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TABLE 4. SEPARATE CORRELATION ANALYSIS FOR METROPOLITAN AND NON-METROPOLITAN COUNTIES

	California		Colorado				Michigan		Oregon (November)	
			#7		#12					
	SMSA (N=24)	Non-SMSA (N=34)	SMSA (N=7)	Non-SMSA (N=56)	SMSA (N=7)	Non-SMSA (N=56)	SMSA (N=17)	Non-SMSA (N=66)	SMSA (N=6)	Non-SMSA (N=30)
Socioeconomic Status										
1. Median Education	-.427	-.402	-.816	-.165	-.446	-.250	.107	-.146	-.052	-.477
2. Median Income	-.293	-.491	-.767	-.009	-.428	-.044	-.381	-.247	-.220	-.022
3. % Poverty	.228	.544	.817	.203	.459	.256	.381	.256	.369	.057
4. % Above $15,000	-.355	-.117	-.793	.090	-.463	.041	-.283	-.085	-.148	-.022
5. % White Collar	-.458	-.175	-.781	.366	-.511	.416	-.050	.161	-.429	-.234
6. Median Value Owner Occupied Housing	-.367	-.097	-.858	.296	-.490	.444	-.255	-.064	-.007	.106
Aged										
7. % Over 65	.249	-.084	.602	.061	.497	-.068	.065	.079	.168	.232
Private School										
8. % in Private School	-.268	.337	.282	.130	.156	.183	-.364	-.201	-.274	-.068
Housing Stock										
9. Single Family	.332	.204	.067	-.006	-.052	-.091	-.340	.030	.826	.181
10. Owner Occupied	.332	-.312	-.015	-.073	-.066	.033	-.489	-.195	.759	.451
Other										
11. % Urban	-.225	.427	-.261	.032	-.599	.089	-.305	-.237	-.753	-.000
12. % Non-White	-.221	.077	.131	-.091	-.091	-.038	-.016	.118	-.567	-.000
13. % Manufacturing	.262	-.291	.350	.198	.674	.147	-.346	-.385	-.199	.404

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TABLE 5. SEPARATE CORRELATION ANALYSES FOR CENTRAL CITIES, OUTSIDE CENTRAL CITIES, AND NON-METROPOLITAN AREAS

	California			Colorado						Michigan			Oregon (November)		
				Central City		Suburban		Non SMSA Counties							
	Central City	Sub-urban	Non SMSA County	#7	#12	#7	#12	#7	#12	Central City	Sub-urban	Non SMSA County	Central City	Sub-urban	Non SMSA County
Socioeconomic Status															
1. Median education	-.257	-.507	-.402	-.988	-1.000	-.657	-.400	-.165	-.250	.580	-.029	-.146	-.247	.103	-.477
2. Median income	-.096	-.387	-.491	-.701	- .599	-.968	-.583	-.009	-.044	.410	-.414	-.247	-.970	-.092	-.022
3. % poverty	.037	.315	.544	.997	.997	.932	.594	.203	.256	-.531	.627	.256	.925	.376	.057
4. % above 15,000	-.178	-.426	-.117	-.733	- .635	-.891	-.559	.090	.041	.419	-.298	-.085	-.741	.051	-.022
5. % white collar	-.413	-.491	-.175	-.949	- .899	-.705	-.477	.366	.416	.490	-.249	.161	-.009	.128	-.234
6. Median value owner occupied housing	-.061	-.367	-.097	-.999	- .996	-.802	-.465	.296	.444	.421	-.199	-.064	-.453	.026	.106
Aged															
7. % over 65	-.226	.418	-.084	.406	.524	.125	.609	.061	-.068	-.497	.066	.079	-.835	.704	.232
Private School															
8. % elementary in private school	.130	-.132	.337	.113	.245	-.416	-.125	.130	.183	-.510	-.400	-.201	.442	.500	-.068
Housing Stock															
9. % Single family	.114	.446	.204	.792	.704	.104	-.179	-.006	-.091	-.273	-.378	.030	.893	.140	.181
10. % Owner occupied	.162	.404	-.312	.822	.739	-.163	-.325	.073	.033	-.500	-.454	-.195	.887	.401	.451
Other															
11. % urban		-.270	.427			-.856	-.701	.032	.089		-.502	-.237		-.289	-.000
12. % non-white	-.166	-.188	.077	-.660	- .553	.440	.024	-.091	-.038	-.408	.353	.118	-.153	.415	-.038
13. % manufacturing	.392	.200	-.291	.989	1.000	-.184	.383	.198	.147	-.382	-.320	-.385	-.441	-.766	.404
	(N=25)	(N=23)	(N=34)	(N=3)	(N=3)	(N=6)	(N=6)	(N=56)	(N=56)	(N=11)	(N=17)	(N=66)	(N=3)	(N=6)	(N=30)
Mean	32.6	34.4	31.9	27.7	24.7	24.8	24.1	20.0	16.1	50.7	45.2	47.6	38.4	39.8	36.7
S.d.	3.5	4.0	5.7	7.9	8.3	5.0	5.6	5.1	4.9	5.0	10.3	5.8	7.9	6.4	4.8

TABLE 6

Correlation Coefficients for Selected Variables Based on Statewide and Subgroup Analyses in Michigan

Socioeconomic Characteristic	All Counties in Michigan	Central Cities	Suburban	Non-SMSA Counties
Median Income	-.262	.410	-.414	-.247
Over 65	.115	-.497	.066	.079

Hyptheses Tested

Four hypotheses were included in the correlation analysis:

1. Higher socioeconomic status is associated with lower support for the constitutional amendments. The more affluent perceive the impact of the passage of the amendments as likely to raise their taxes, while benefiting others, such as minority groups and the poor. The less affluent think that passage might increase the funds available for their schools.

2. The aged are more likely to support the constitutional referenda, seeing in them the possibility of property tax relief. Therefore, localities with higher proportions of aged residents are more supportive of the amendments.

3. Those with children in private schools are likely to oppose the referenda, foreseeing potential tax hikes without new benefits. Therefore, communities with more children in private schools cast more negative votes.

4. Voting patterns are related to the nature of the housing stock in a locality. Greater support for the referenda is found in areas with high proportions of single-family and owner-occupied housing units. Homeowners are more likely to benefit directly from property tax relief and are more likely to see the benfits they might derive from the amendments.

The following indicators were used to test these hypotheses:

Indicators

Socioeconomic Status: Median years of education for persons 25 or older

Median family income

Percent of families with income below poverty level

	Percent of families with income above $15,000
	Percent employed in white-collar occupations
	Median value of owner-occupied housing units
Age:	Percent of population 65 years or older
Private School Enrollment:	Percent of elementary school children (Grades 1-8) enrolled in private schools
Housing Stock:	Percent of housing units in one-unit structures
	Percent of housing units occupied by owners

Also added to the analysis were three factors whose impact on the vote is expected to vary with circumstances in each state. In central cities higher proportions of non-whites are associated with greater support for the amendments because it is assumed that non-whites view the amendments as opportunities to secure greater funding for their schools. In the suburbs, where non-whites are unlikely to consitute a substantial segment of the population, higher proportions of non-whites may be associated with lower support of the amendments among white voters, who assume that the amendments will benefit other groups, such as non-whites and city dwellers, at their expense.

The percent of persons employed in manufacturing was included in the analysis, although it is unclear how this variable affects voting on the constitutional amendments. In part, the variable is a proxy for local union membership. Its relation to the vote should thus be a function of the position taken by unions on the amendments in each state.

Finally, an urban/suburban/rural distinction was built into the analysis, for it was felt that type of area might affect voting patterns. Cities and rural areas, it was hypothesized, might be more likely to support the amendments than suburbs; the former face the most inadequate tax bases and the severest fiscal problems under present systems of school finance.

The first stage of the analysis examined the relationships between county characteristics and voting patterns in each state. For several reasons the analyses were conducted separately for each state. Different patterns in each state might be obscured by aggregating the four states into one analysis. In addition, the actual amendments and their level of support varied considerably among states.

At the state level, most of the research hypotheses discussed above must be rejected (see Table 2). No variable shows a significant, consistent impact across all four states. Only the coefficients for median years of education have the same sign in five of the six cases and the coefficient is at least .25 in only two states. While several other variables--percent families below poverty level, percent white collar, private school enrollment, location in a SMSA, and proportion non-whites--have the same sign in three out of four states, the coefficients are all small. For only two variables is the coefficient greater than .25 even for two states.

Hypothesis 1 on socioeconomic status is not confirmed in the statewide analyses. The coefficients generally are low and inconsistent for particular variables across all four states or for all six status indicators within a given state. The largest coefficients are found for the second Oregon vote, but the relationship is the reverse of what was predicted: higher status is associated with a higher percentage of Yes votes. This is also true in Colorado for the value of housing variable and white collar employment: higher status tended to correlate with greater support of the amendments.

The hypotheses on the aged and non-whites must also be rejected due to low coefficients. The private school variable produced somewhat larger coefficients, but except in Michigan its impact was the reverse of what was predicted. More private school enrollment is associated with higher affirmative votes. The SMSA location variable was unimportant in two states, but in the other two the affirmative vote was higher in counties located inside metropolitan areas.

Hypothesis 4 about the nature of the housing stock must also be rejected. The coefficients are generally low and inconsistent. The proportion of owner-occupied homes is important in the first Oregon vote, where it produced the largest coefficient, and its impact is what was predicted: more homeowners are associated with greater referendum support.

Employment in manufacturing emerged as a very important variable in this analysis in every state but California. For Michigan and Colorado Amendment 7, manufacturing employment produced the largest coefficient; for Colorado Amendment 12 it was one of the largest. In Colorado and Oregon, more employment in manufacturing was associated with a Yes vote; in Michigan it was linked to a negative vote.

While the simple correlation coefficients were generally low, except for the second Oregon vote, the cumulative impact of all the variables yields multiple correlation coefficients between .50 and .85 for each amendment. In sum, between thirty and seventy-five percent of the variation in vote is explained by all these variables in combination.

When the calculations are done separately for SMSA and non-SMSA counties, the analysis produces both higher coefficients and greater support for the original hypotheses. But it is most informative to proceed directly to the analysis based on the further breakdown of SMSA counties into central city (CC) and outside central city (OCC) areas (see Table 5). It should be noted that on many variables the Michigan cities differ from the suburbs and usually from the non-SMSA areas as well. Thus, if a variable is related to an affirmative vote in the city it is linked with a negative one in the suburbs and non-metropolitan areas. For cities and suburbs, the magnitude of the coefficients in Oregon and Colorado should not be taken seriously since they rest on so few cases.

Greater support for Hypothesis 1 emerges from the calculations based on the SMSA categories. Except in Michigan cities, the relationship lies generally in the direction predicted by the hypothesis; a number of the coefficients are above .25. However, which status indicators prove most

important depends upon the state and category one examines. For example, the percent of white collar workers is important in California metropolitan areas, but unimportant in non-metropolitan areas. The various income measures assume much greater importance outside the cities. The major exception to Hypothesis 1 is found in non-metropolitan areas of Colorado, where more white collar workers and higher median value of owner-occupied housing are associated with greater amendment support.

Very mixed evidence is available for Hypothesis 2 (the aged) and Hypothesis 3 (private school enrollment). The proportion of the old seems unrelated to the vote in non-metropolitan areas, but it becomes important in Michigan cities (where the relationship is negative) and in California suburbs (where it is positive). Private school enrollment does not consistently exert the predicted impact, except in Michigan. Both Hypotheses 2 and 3 must, therefore, be rejected as universal statements.

Hypothesis 4 relating to housing stock finds some support in every state except Michigan. The coefficients for both percent owner-occupied units and single-family dwellings are relatively high in some states. In Michigan the relationships are not in the hypothesized direction. Elsewhere, fewer multiple units and fewer renters appear to be associated with greater amendment support.

Employment in manufacturing remains quite important. In this analysis, the variable has little impact in Colorado. In Michigan and in California non-metropolitan areas, manufacturing employment relates to rejection of the referenda. The reverse is true of California metropolitan areas and Oregon non-metropolitan areas. To decipher the impact of this variable on the vote, one must look to local factors such as union position on the amendments.

Only in Michigan did the proportion of non-whites correlate with a favorable referendum vote. While the direction of this relationship differed for central cities and suburbs, the relationships were generally the reverse of our predictions. Cities with more non-whites were less supportive of the amendments.

The proportion of a locality's population who lived in areas classified by the Census Bureau as "urban" was included in the analysis in order to determine whether residence in suburban and rural areas affected voting. This factor showed no impact in Colorado and Oregon. In California and Michigan, however, more urban areas were less favorable toward the amendments, except in California's non-metropolitan counties.

Individual State Analyses

California

The status variables exerted greatest impact upon all three kinds of locality. Additional variables include manufacturing for the city, aged and housing stock for the suburbs, and private school enrollment, home ownership, percent urban and manufacturing employment in rural areas. Supportive cities are those with few white collar workers, less well-educated

residents, and many workers in manufacturing. Supportive suburbs are low status localities according to all six status indicators, having many old people, few renters, or multiple dwellings. Supportive non-metropolitan areas are urban, have a less educated population, poor residents, low employment in manufacturing, relatively large numbers of children in private schools, and fewer homeowners.

Colorado

The most important point to be made about Colorado is that the coefficients are uniformly higher for Amendment 12 than for Amendment 7 for the rural counties; the reverse is generally true for the metropolitan areas, which suffer from a lack of cases. For the cities the status variables, housing stock, and manufacturing employment seem most crucial. In the suburbs, status and percent urban appear important. High status is associated with a negative vote. Urban residence also contributes to a No vote, while manufacturing supports a Yes vote on 12. In non-metropolitan counties, the two important variables are white collar employment and the value of owner-occupied housing. As noted above, these relationships differ from those in other state analyses because of their direction. Here, higher status and more costly housing are related to affirmative referenda votes.

Michigan

The pattern in central cities is the reverse of the one found in suburbs and rural areas, except for manufacturing employment, private school enrollment, and housing stock variables. Higher-status cities with few older people, fewer children in private schools, fewer non-whites and manufacturing workers, and more apartments and renters proved more supportive. Thus, Ann Arbor supported Amendment C while Detroit heavily defeated it. In the suburbs and rural areas, poorer localities with fewer manufacturing workers were more likely to uphold the referendum. Only these two factors proved important in rural areas. In suburbs, however, private school enrollment, home ownership, single family homes, percent urban and non-white were also correlated with the vote--negatively for the first four indicators, positively for the last one.

Oregon (November, 1972)

Very little can be said about Oregon cities and suburbs because there are so few. It appears that high status, larger proportions of older people, fewer homeowners and single-family houses are associated with a negative vote in the cities. For the suburbs, the most important variable in producing a negative vote is manufacturing employment, while an older population contributes to a positive vote. As in Michigan, coefficients for Oregon rural areas are not high. The three important factors are education, manufacturing employment, and home ownership--the first associated with a No vote, the other two with a Yes vote.

MULTIPLE REGRESSION ANALYSIS

In order to investigate further the patterns of support for the referenda in individual states, multiple regression analysis was used. Heretofore this study has considered only zero-order correlation coefficients between various independent variables and the percent affirmative vote for the amendments.

Multiple regression techniques allow us to consider the interrelationships among independent variables and to eliminate those that make no significant contribution to explaining amendment support, provided the effects of other variables are accounted for. In particular, the indices of socioeconomic status tend to be highly correlated in all the states; in most cases, once a single status variable has entered the equation, other variables add little explanatory power. In a few cases, controlling for other independent variables changes the sign of the relationship between a particular independent variable and referendum support.

The analysis was conducted for all counties and for central cities, suburbs, and SMSA counties. A stepwise multiple regression procedure was used; variables continued to be added to the regression equation so long as they added at least 1 percent to the explanatory power of the equation (added 1 percent to the multiple R^2), and the new F statistic for the equation as a whole was significant at .05 level. (Potential independent variables for which the simple R with referenda support was less than .10 were not included in the final multiple regression analysis.) In most cases six variables or less contributed virtually all the explanatory power. In the case of cities and suburbs in Oregon and Colorado, the limited number of cases meant that very few variables exerted significant impact.

Tables 7 and 8 summarize the results. The coefficients given for the independent variables are partial correlation coefficients for the variables in the regression equation. They indicate the relative impact of each variable on referendum support, controlling for the other independent variables present in the equation. In many cases, the variables that show the largest simple correlation coefficients are not the ones that most heavily affect amendment support once the other variables are controlled for. The tables also indicate the multiple R and R^2 for all the variables included in the regression equation, as well as displaying the significance levels of the partial correlation coefficients.

The multiple regression analysis does not draw an unequivocal picture of the types of counties or localities that were likely to support the amendments. We cannot accept any of the original hypotheses for all the states, or even for one state. Furthermore, the variables which emerged from the miltiple regression analysis do not in most cases offer materials for a coherent prototype of a supportive locality.

Similar variables in the same equation often point in opposite directions, while those with similar effects on the dependent variable are quite disparate. It does appear, however, that location, manufacturing employment, and character of the housing stock are the most significant variables in explaining referenda support, even if the direction of these relationships differs from state to state. (Again, the difficulties lie in the aggregate nature of the basic unit of analysis, the county. From this standpoint, it is worth noting that both the R^2 and the standard deviation for the second Oregon vote are much higher than any of the others.)

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TABLE 7. PARTIAL CORRELATION COEFFICIENTS FOR VARIABLES IN REGRESSION EQUATIONS FOR COUNTIES

	California (N=58)	Colorado (N=63) #7	Colorado (N=63) #12	Michigan (N=83)	Oregon (N=36) Nov.	Oregon (N=36) May
Socioeconomic Status						
1. Median education			-.41**		-.25	
2. Median income	-.15					-.08
3. Percent below poverty	.05	.31**				-.10
4. Percent over $15,000			-.20			
5. Percent white collar		.37**	.29*			
6. Median value owner occupied housing			.28*		.25	.50**
Aged						
7. Percent over 65					.22	.29
Private School						
8. Percent in private school	.21	.17	.18	-.12	-.22	-.11
Housing Stock						
9. Single family	.33**		-.24*			-.36*
10. Owner occupied				-.45**	.17	
Location						
11. In SMSA			.20	.22*	.39*	.23
12. Percent living in urban areas	.36**	-.18	-.26*	-.46**	-.17	
Other						
13. Nonwhites						
14. Employed in manufacturing		.26*	.25*	-.28**	.20	.51**
Multiple R	.587	.529	.722	.654	.691	.835
Multiple R^2	.344	.280	.521	.428	.478	.697

* Significant at .01 level

** Significant at .05 level

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TABLE 8. PARTIAL CORRELATION COEFFICIENTS FOR VARIABLES IN REGRESSION EQUATIONS FOR LOCALITIES

	California			Colorado						Michigan			Oregon (November)		
	Central City	Sub-urban	Non SMSA County	Central City #7	Central City #12	Suburban #7	Suburban #12	Non SMSA Counties #7	Non SMSA Counties #12	Central City	Sub-urban	Non SMSA County	Central City	Sub-urban	Non SMSA County
Socioeconomic Status															
1. Median education		-.40	.15				-.99	-.13	-.41**						-.19
2. Median income						-.96					-.41				
3. % poverty			.30					.14			-.18				
4. % above $15,000		-.49*									.35				
5. % white collar	.41	-.16	-.26					.32**	.30*						
6. Median value owner occupied housing		.44*		-.99		.87		.14	.39**						
Aged															
7. % over 65		-.33													
Private School															
8. % elementary in private school		.37	.20						.13			-.17			
Housing Stock															
9. % Single family			.35*				-.99								
10. % Owner occupied		.57**	-.17				.99				-.35	-.33**			.31*
Other															
11. % urban			.22				-.99				-.57*	-.34**			
12. % non-white						-.69					.68**				
13. % manufacturing		.34	-.33*		.99			.17	.14		.08	-.36**			.22
	(N=25)	(N=23)	(N=34)	(N=3)	(N=3)	(N=6)	(N=6)	(N=56)	(N=56)	(N=11)	(N=17)	(N=66)	(N=3)	(N=6)	(N=30)
Multiple R	.413	.806	.712	.999	.999	.992	.999	.521	.653		.913	.594			.573
Multiple R^2	.170	.650	.507	.998	.999	.985	.999	.271	.426		.835	.353			.329

*Significant at .05
**Significant at .01

In the multiple regression analysis for counties, an interesting pattern emerges regarding the two urban variables, SMSA location and percent urban. In three instances--Michigan, Oregon's November referendum, and Colorado's Amendment 12--both urban variables enter the regression equation. In each case the partial correlation coefficients for the two variables have the opposite sign. At first glance this may appear paradoxical, since both variables directly measure urban location. Since these are partial coefficients, however, the effects of the two variables do not offset one another. Instead, they form a curvilinear relation between urban residence and reaction to the referenda. Places within metropolitan areas and those with the fewest people in urban places tend to react similarly to the referenda. Those in moderately urban areas (i.e., outside SMSAs but not in rural, sparsely populated areas) respond in the opposite way.

In terms of our knowledge of school finance, such a pattern is not surprising. Metropolitan and rural areas face similar problems, a tax base inadequate to their educational needs. In Michigan, on the first Oregon vote, and on Amendment 12 in Colorado, metropolitan and rural areas supported the referenda more than did counties in moderately urban areas.

Individual State Analyses

California

At the county level, five variables enter the regression equation. They explain only about a third of the variance ($R^2 = .344$). Two variables relate to socioeconomic status, while the variable most seriously affecting referendum support is urban population. A high affirmative vote on the amendment occurred in more urbanized counties with less affluent residents, high private school enrollments, and more single-family housing.

Among California's localities, only one variable--white collar employment--enters the regression equation for central cities. For suburban and non-metropolitan areas, however, the number of variables in the equation becomes relatively large; they explain more than half the variation in referendum support. Socioeconomic variables are important in the suburbs, but they are not consistently related to referendum support. Higher-priced housing is linked to higher support, but so are some lower levels of education and fewer families incomes above $15,000. Other characteristics of supportive suburbs include higher levels of home ownership, more manufacturing workers, more children enrolled in private schools, and fewer elderly people.

Socioeconomic variables in the non-metropolitan counties also exert contradictory effects. Poorer counties with fewer white collar workers as well as counties with better educated adults were most likely to support the amendments. Other county characteristics associated with support include enrollment in non-public schools, more single-family and rental housing, more people living in urban places, and fewer manufacturing workers.

Colorado

The proportion of white collar workers was very important for both constitutional referenda in all Colorado counties. While counties with more white collar workers gave more support to the amendments, other socio-economic status variables had the opposite effect on both amendments. Other variables important for Amendments 7 and 12 were employment in manufacturing and urban or rural location. Several variables enter the regression equation only for Amendment 12, which accounts for the greater explanatory power of that equation (R^2 = .521 as opposed to R^2 = .280 for Amendment 7). Specifically, for Amendment 7, counties with poor residents, employees in manufacturing, and white collar workers demonstrated more support. On the second amendment, counties with more white collar workers, less well-educated adults, higher housing values, more manufacturing workers, fewer single family homes, and location in metropolitan or rural areas were more supportive.

With only three Colorado cities, just one variable entered the regression equation for each amendment. On Number 7, the significant variable was housing value: lower cost housing was associated with greater support. For Number 12, more manufacturing employees led to more positive votes. In Colorado suburban localities, quite different variables are associated with support for the two amendments. Economic ones are important on Amendment 7; for 12, housing variables and urban population are significant. Suburbs with lower median incomes, higher-priced housing, and fewer non-whites supported Amendment 7. Those with high levels of home ownership, few single family homes, fewer urban residents, and less well-educated adults supported Amendment 12.

In the non-metropolitan counties, status variables in general and white collar employment in particular were important determiners of voting patterns on both amendments. Counties with many white collar workers, higher priced homes and adult residents with less education tended to support Amendment 12. Those with more white collar jobs were more likely to support Number 7 as well. As was true of the analysis for all Colorado counties, the coefficients are higher and more of the variance can be explained for Amendment 12 than for Amendment 7.

Michigan

For all Michigan counties taken as a group, the five variables entering the regression equation explain about two-fifths of the variation in referendum results. None of the variables directly measures socioeconomic status. Two are related to the urban/rural dimension. The variable with the greatest impact, all other things being equal, is a county's urban population. Greater support for the referendum was garnered in more rural or metropolitan counties with low levels of manufacturing employment and home ownership.

For Michigan cities, no variables significantly entered the regression equation. Socioeconomic variables were most important in the suburbs--but with contradictory results. Suburban locales with lower median incomes were more supportive, but so were suburbs with fewer poor people and more affluent families. Furthermore, less urban suburbs with more non-white residents and more renters were more likely to vote Yes on the referendum.

Much less of the variance in referendum results was explained in non-SMSA counties (R^2 = .353) than in the suburbs (R^2 = .835). No status variables entered the non-SMSA regression equation, in which the most important variable became the proportion of people living in urban areas. More rural counties with less home ownership and fewer manufacturing workers returned higher affirmative votes on the referendum.

Oregon

The same variables were generally associated with a positive vote among Oregon counties in both referenda, although they had greater explanatory power in the analysis of the May vote. Counties with expensive houses were likely to support both referenda, as were those having more older people and those in metropolitan areas having many manufacturing workers. Fewer students in private schools and more adults with less extensive educations were also related to Yes votes in the November election; the presence of fewer single family houses was associated with a higher Yes in May.

The results of the regression analysis for Oregon localities were meager. Data are not available to conduct such an analysis for the May referendum. For the November election, only the analysis of non-SMSA counties yields significant results. In those counties, home ownership, manufacturing employment, and lower educational levels are related to amendment support.

APPENDIX C-

AMENDING STATE CONSTITUTIONS[1]

All six tax reform proposals used in this study were constitutional amendments. The five voted on in 1972 reached the ballot through the initiative process, while the 1973 Oregon proposal followed the more common procedure of being proposed by the state legislature.

Most state referenda in the United States deal with state constitutional change. For example, from 1962 to 1967, constitutional amendments comprised 83 percent of all state propositions voted on.[2]

Statewide referenda are required to approve constitutional change in all states but Delaware, which permits the legislature to approve such amendments. Elsewhere in the country, four methods prepare proposals for statewide referendum:

(1) The amendment can be proposed by the state legislature. This process is used by all the states.

(2) The amendment can be proposed by a state constitutional convention. All the states also employ this technique.

(3) Fourteen states, including those analyzed in this study, allow amendments to be proposed by an initiative process.

(4) One state, Florida, allows the recommendations of a state constitutional commission to be placed directly on the ballot without prior legislative approval.

The most common method of placing an amendment on the ballot is to pass it through the state legislature. From 1968 to 1971, 94.3 percent of all amendments were proposed by the legislature, 1.2 percent by initiative, and 4.5 percent by constitutional conventions or commissions.

The number of amendments proposed in recent years has noticeably increased, as seen below. Further, a high percentage of these amendments--27 percent from 1968 to 1971--dealt specifically with fiscal matters.

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1. Data for this Appendix are drawn from The Book of the States 1970-71 and 1972-1973 (Lexington, Kentucky: The Council of State Governments, 1970 and 1972.)

2. Hugh A. Bone, "Easier to Change," National Civic Review, Vol. LVII, No. 3 (March 1968) pp. 125-131.

TABLE 1

Amendments Proposed 1964-1971

1964-65	212
1966-67	299
1968-69	490
1970-71	403

Source: Data for 1964-1967 in Albert L. Sturm, "State Comparisons and Constitutional Revision" in The Book of the States 1970-71 (Lexington, Kentucky: The Council of State Governments, 1972), p. 5; data for 1968-71 in Albert L. Sturm, "State Constitutions and Constitutional Revision" in The Book of the States, 1972-73, p. 4.

Adoption Rate of Amendments

The proposal process tells only half the story of any amendment. A number of requirements, including those that set the percentage needed to pass an amendment, affect the outcome. For example, five states require that a majority of persons voting in the election, not specifically on the amendment, must approve it. Thus, an amendment can be defeated by two possible kinds of negative votes--by people who vote on other issues but ignore the amendment as well as by voters who specifically oppose it. Unsurprisingly, far fewer amendments succeed in states that require a majority vote of those voting in the election than in states that ask only a majority vote for the amendment. The adoption rate by vote needed to pass is shown below:

TABLE 2

Vote Needed	Mean Percent Adopted
Majority vote on Amendment (N=42)	62.2
3/5 vote on Amendment (N=1)	51.4
2/3 vote on Amendment (N=1)	59.1
Majority voting in Election (N=5)	50.7

Source: Based on "General Information on State Constitutions" The Book of the States, 1970-71, p. 21.

The median adoption rate in all states is 58.5 percent, but there is a considerable range between states. South Carolina has had 99 percent of its proposed amendments adopted, 398 out of 401. Alaska has the lowest adoption rate; only 7 of 96 proposed amendments have succeeded, an approval rate of 7 percent.

The adoption rate of amendments has dropped steeply since the 1960s. It is too soon to tell whether this decline is the beginning of a national trend or merely the result of a particular election year.

TABLE 3

	Percent Adopted
1964-65	73.6
1966-67	78.9
1968-69	75.5
1970-71	55.6

Source: Data in Albert L. Sturm, "State Constitutions and Constitutional Revision" in The Book of the States, 1972-73, p. 4.

The very low adoption rate of amendments proposed by initiative, combined with the difficulty and expense of using the initiative, have contributed to the decline of its use as a means of amending state constitutions.

Only 55.4 percent of amendments dealing with financial matters were approved between 1968 and 1971. By comparison, 69 percent of nonfiscal amendments were adopted during the same period.

Conclusion

Constitutional amendments comprise most of the referenda held by states. Most amendments are placed on the ballot by state legislatures, and only a small percentage arrive there directly by initiative. A quarter of all proposed amendments concern state finance. Close to sixty percent of all amendments proposed are actually adopted. Yet wide variations exist among states. Amendments proposed by initiative and fiscal amendments are far less likely to succeed than amendments proposed by the state legislature or constitutional convention, or amendments on subjects other than state finance. This last fact is particularly significant for this study, since five out of the six amendments studied were placed on the ballot by the initiative, and all dealt with state finance.